

ANNUAL FINANCIAL REPORT

SULLIVAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2017

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

MARIE TIDWELL, CPA
Auditor 4

ROBERT ANDERSON
PRESTON COBB
PAULA KNIGHT
GREG BRUSH, CISA
State Auditors

This financial report is available at www.comptroller.tn.gov

SULLIVAN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2017

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2017.

Results

Our report on Sullivan County's financial statements is unmodified.

Our audit resulted in two findings and recommendations, which we have reviewed with Sullivan County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ County Health Department personnel failed to request reimbursements for grant expenditures on a timely basis.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND LAW COURTS CLERK

- ◆ Deficiencies were noted in the maintenance of execution docket trial balances.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2017

Officials

Richard Venable, County Mayor
Jim Belgeri, Highway Commissioner
Evelyn Rafalowski, Director of Schools
Frances Harrell, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Tommy Kerns, Circuit, General Sessions, and Law Courts Clerk
Katherine Priester, Clerk and Master
Sheena Tinsley, Register of Deeds
Robert White, Assessor of Property
Wayne Anderson, Sheriff

Board of County Commissioners

Richard Venable, County Mayor, Chairman	Matthew Johnson
Mark Bowery	Bill Kilgore
Darlene Calton	Kit McGlothlin
Michael Cole	Randy Morrell
Larry Crawford	Bob Neal
John Gardner	Cheryl Russell
Sherry Grubb	Bobbie Russell, Jr.
Andy Hare	Patrick Shull
Mack Harr	Angie Stanley
Joe Herron	Mark Vance
Terry Harkleroad	Eddie Williams
Baxter Hood	
Dennis Houser	

Board of Education

Dan Wells, Chairman	Jerry Greene
Michael Hughes	Mark Ireson
Randall Jones	Matthew Spivey
Jane Thomas	

Audit Committee

Eddie Williams, Chairman
Terry Harkleroad

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 99-106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sullivan County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

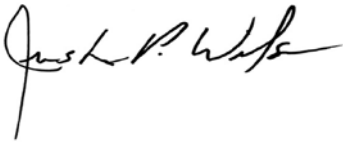
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2018, on our consideration of Sullivan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sullivan County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 5, 2018

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2017

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 842,832	\$ 13,288
Equity in Pooled Cash and Investments	24,003,430	97,611,034
Inventories	30,515	232,640
Accounts Receivable	3,204,566	3,660
Allowance for Uncollectibles	(764,086)	0
Due from Other Governments	3,439,002	2,554,733
Due from Component Units	94,387	0
Property Taxes Receivable	46,026,122	24,900,377
Allowance for Uncollectible Property Taxes	(1,351,126)	(849,368)
Prepaid Items	190,364	3,894
Net Pension Asset - Teacher Retirement Plan	0	66,261
Capital Assets:		
Assets Not Depreciated:		
Land	2,458,142	5,643,859
Construction in Progress	54,550	647,800
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	22,475,950	62,764,164
Infrastructure	9,332,638	0
Other Capital Assets	11,662,222	1,691,056
Total Assets	<u>\$ 121,699,508</u>	<u>\$ 195,283,398</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 653,337	\$ 0
Pension Changes in Experience	688,734	508,087
Pension Changes in Investment Earnings	4,135,636	8,550,171
Pension Contributions After Measurement Date	4,482,998	4,683,653
Pension Other Deferrals	0	389,104
Total Deferred Outflows of Resources	<u>\$ 9,960,705</u>	<u>\$ 14,131,015</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 666,571	\$ 35,280
Accrued Payroll	988,449	32,450
Accrued Interest Payable	464,227	0
Payroll Deductions Payable	407,428	595,582
Contracts Payable	0	34,600
Claims and Judgments Payable	218,922	0
Due to Primary Government	0	94,387
Due to State of Tennessee	557,497	0
Other Current Liabilities	957,767	61,850
Unearned Revenue	0	20,000,000

(Continued)

Exhibit A

Sullivan County, Tennessee
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 8,179,984	\$ 622,752
Due in More Than One Year	195,331,555	56,595,132
Total Liabilities	<u>\$ 207,772,400</u>	<u>\$ 78,072,033</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 44,001,695	\$ 23,555,089
Deferred Credit on Refunding	90,334	0
Pension Changes in Experience	2,316,238	8,535,469
Pension Other Deferrals	0	710,979
Total Deferred Inflows of Resources	<u>\$ 46,408,267</u>	<u>\$ 32,801,537</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 34,104,809	\$ 70,746,879
Restricted for:		
General Government	859,957	0
Finance	150,830	0
Administration of Justice	181,269	0
Public Safety	245,686	0
Public Health and Welfare	92,770	0
Agriculture and Natural Resources	14,000	0
Education	0	3,193,110
Capital Projects	245,354	62,373,501
Pensions	0	66,261
Debt Service	3,585,075	0
Unrestricted	<u>(162,000,204)</u>	<u>(37,838,908)</u>
Total Net Position	<u>\$ (122,520,454)</u>	<u>\$ 98,540,843</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Sullivan County, Tennessee
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs						Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues			Governmental Activities	Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Sullivan County School Department
Primary Government:							
Governmental Activities:							
General Government	\$ 6,760,441	\$ 1,558,913	\$ 641,870	\$ 0	\$ (4,559,658)	\$	0
Finance	5,685,564	4,244,690	0	0	(1,440,874)		0
Administration of Justice	5,400,149	2,742,948	136,321	0	(2,520,880)		0
Public Safety	24,151,053	2,376,942	542,707	121,541	(21,109,863)		0
Public Health and Welfare	13,660,964	7,081,048	4,287,512	0	(2,292,404)		0
Social, Cultural, and Recreational Services	1,486,725	365,660	0	3,000	(1,118,065)		0
Agriculture and Natural Resources	263,123	0	0	2,644,762	2,381,639		0
Highways	8,972,841	79,393	2,929,098	511,755	(5,452,595)		0
Education	140,862,607	362,376	0	0	(140,500,231)		0
Debt Service:							
Interest	1,723,418	0	2,534,713	0	811,295		0
Total Primary Government	\$ 208,966,885	\$ 18,811,970	\$ 11,072,221	\$ 3,281,058	\$ (175,801,636)	\$	0
Component Unit:							
Sullivan County School Department	\$ 98,190,510	\$ 1,383,437	\$ 9,718,906	\$ 67,190,889	\$ 0	\$	(19,897,278)
Total Component Unit	\$ 98,190,510	\$ 1,383,437	\$ 9,718,906	\$ 67,190,889	\$ 0	\$	(19,897,278)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Activities	Sullivan County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 32,904,862	\$ 28,091,765
Property Taxes Levied for Debt Service					5,198,982	0
Local Option Sales Taxes					3,386,380	12,996,683
Litigation Tax - General					288,151	0
Litigation Tax - Special Purpose					2,952	0
Litigation Tax - Office of Public Defender					148,362	0
Litigation Tax - Jail, Workhouse, or Courthouse					139,422	0
Litigation Tax - Courtroom Security					394,688	0
Business Tax					2,392,744	0
Mixed Drink Tax					12,729	0
Mineral Severance Tax					124,820	0
Wholesale Beer Tax					375,553	0
Interstate Telecommunications Tax					9,845	4,891
Grants and Contributions Not Restricted to Specific Programs					1,795,741	43,710,891
Unrestricted Investment Income					365,577	679
Miscellaneous					38,741	303,445
Total General Revenues					<u>\$ 47,579,549</u>	<u>\$ 85,108,354</u>
Change in Net Position					\$ (128,222,087)	\$ 65,211,076
Net Position, July 1, 2016					<u>5,701,633</u>	<u>33,329,767</u>
Net Position, June 30, 2017					<u><u>\$ (122,520,454)</u></u>	<u><u>\$ 98,540,843</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 14,333	\$ 0	\$ 0	\$ 0	\$ 169,776	\$ 184,109
Equity in Pooled Cash and Investments	11,470,683	5,563,086	3,602,270	0	2,606,789	23,242,828
Inventories	30,515	0	0	0	0	30,515
Accounts Receivable	309,765	132,862	213,233	0	2,518,887	3,174,747
Allowance for Uncollectibles	0	0	0	0	(764,086)	(764,086)
Due from Other Governments	2,379,326	1,054,691	0	0	4,985	3,439,002
Due from Other Funds	722,800	0	229,092	0	3,829	955,721
Due from Component Units	26,221	0	0	0	617	26,838
Property Taxes Receivable	30,513,568	2,903,894	8,397,953	3,474,973	735,734	46,026,122
Allowance for Uncollectible Property Taxes	(957,803)	(94,323)	(218,771)	(56,295)	(23,934)	(1,351,126)
Prepaid Items	3,245	0	187,119	0	0	190,364
Total Assets	\$ 44,512,653	\$ 9,560,210	\$ 12,410,896	\$ 3,418,678	\$ 5,252,597	\$ 75,155,034
<u>LIABILITIES</u>						
Accounts Payable	\$ 435,103	\$ 171,592	\$ 0	\$ 0	\$ 52,998	\$ 659,693
Accrued Payroll	704,099	134,497	0	0	149,853	988,449
Payroll Deductions Payable	308,276	45,976	0	0	53,176	407,428
Due to Other Funds	1,096,640	125,317	0	0	650,403	1,872,360
Due to State of Tennessee	557,497	0	0	0	0	557,497
Other Current Liabilities	0	0	383,010	0	0	383,010
Total Liabilities	\$ 3,101,615	\$ 477,382	\$ 383,010	\$ 0	\$ 906,430	\$ 4,868,437

(Continued)

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 29,040,384	\$ 2,756,998	\$ 8,087,195	\$ 3,418,678	\$ 698,440	\$ 44,001,695
Deferred Delinquent Property Taxes	489,918	49,976	87,442	0	12,700	640,036
Other Deferred/Unavailable Revenue	930,335	268,444	0	0	1,100,936	2,299,715
Total Deferred Inflows of Resources	\$ 30,460,637	\$ 3,075,418	\$ 8,174,637	\$ 3,418,678	\$ 1,812,076	\$ 46,941,446
FUND BALANCES						
Nonspendable:						
Inventory	\$ 30,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,515
Prepaid Items	3,245	0	187,119	0	0	190,364
Restricted:						
Restricted for General Government	859,957	0	0	0	0	859,957
Restricted for Finance	150,830	0	0	0	0	150,830
Restricted for Administration of Justice	181,269	0	0	0	0	181,269
Restricted for Public Safety	61,216	0	0	0	184,470	245,686
Restricted for Public Health and Welfare	92,770	0	0	0	0	92,770
Restricted for Agriculture and Natural Resources	14,000	0	0	0	0	14,000
Restricted for Debt Service	0	0	3,666,130	0	108,611	3,774,741
Restricted for Capital Projects	0	0	0	0	245,354	245,354
Committed:						
Committed for Finance	925,502	0	0	0	0	925,502
Committed for Public Health and Welfare	0	0	0	0	1,995,656	1,995,656
Committed for Other Operations	526,537	0	0	0	0	526,537
Committed for Highways/Public Works	0	6,007,410	0	0	0	6,007,410
Assigned:						
Assigned for General Government	1,466,594	0	0	0	0	1,466,594

(Continued)

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Finance	\$ 72,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,753
Assigned for Administration of Justice	79,420	0	0	0	0	79,420
Assigned for Public Safety	612,372	0	0	0	0	612,372
Assigned for Public Health and Welfare	188,464	0	0	0	0	188,464
Assigned for Social, Cultural, and Recreational Services	42,078	0	0	0	0	42,078
Unassigned	5,642,879	0	0	0	0	5,642,879
Total Fund Balances	<u>\$ 10,950,401</u>	<u>\$ 6,007,410</u>	<u>\$ 3,853,249</u>	<u>\$ 0</u>	<u>\$ 2,534,091</u>	<u>\$ 23,345,151</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,512,653</u>	<u>\$ 9,560,210</u>	<u>\$ 12,410,896</u>	<u>\$ 3,418,678</u>	<u>\$ 5,252,597</u>	<u>\$ 75,155,034</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 23,345,151
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,458,142	
Add: construction in progress	54,550	
Add: infrastructure net of accumulated depreciation	9,332,638	
Add: buildings and improvements net of accumulated depreciation	22,475,950	
Add: other capital assets net of accumulated depreciation	<u>11,662,222</u>	45,983,502
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,939,751
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		1,632,775
(4) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,080,565)	
Less: other loans payable	(15,733,005)	
Less: capital leases payable	(887,413)	
Less: bonds payable	(167,730,000)	
Add: deferred charge on refunding	653,337	
Less: compensated absences payable	(2,067,142)	
Less: other postemployment benefits liability	(2,405,071)	
Less: net pension liability	(4,250,597)	
Less: accrued interest on notes and bonds	(464,227)	
Less: deferred credit on refunding	(90,334)	
Less: other deferred revenue - premium on debt	<u>(9,357,746)</u>	(203,412,763)
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 9,307,368	
Less: deferred inflows of resources related to pensions	<u>(2,316,238)</u>	<u>6,991,130</u>
Net position of governmental activities (Exhibit A)		<u>\$ (122,520,454)</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 34,145,695	\$ 5,949,736	\$ 5,353,700	\$ 0	\$ 759,888	\$ 46,209,019
Licenses and Permits	458,274	250,000	0	0	0	708,274
Fines, Forfeitures, and Penalties	601,094	0	0	0	78,333	679,427
Charges for Current Services	1,251,964	0	0	0	6,612,336	7,864,300
Other Local Revenues	223,903	77,382	305,416	0	307,867	914,568
Fees Received From County Officials	6,902,068	0	0	0	0	6,902,068
State of Tennessee	7,508,718	3,432,060	0	0	330,280	11,271,058
Federal Government	2,916,069	9,445	0	0	4,451	2,929,965
Other Governments and Citizens Groups	610,772	76,985	631,622	0	2,042,243	3,361,622
Total Revenues	\$ 54,618,557	\$ 9,795,608	\$ 6,290,738	\$ 0	\$ 10,135,398	\$ 80,840,301
<u>Expenditures</u>						
Current:						
General Government	\$ 4,745,498	\$ 0	\$ 0	\$ 0	\$ 17,799	\$ 4,763,297
Finance	5,682,825	0	105,528	0	19,224	5,807,577
Administration of Justice	5,397,242	0	0	0	0	5,397,242
Public Safety	23,001,999	0	0	0	42,575	23,044,574
Public Health and Welfare	7,150,449	0	0	0	7,357,043	14,507,492
Social, Cultural, and Recreational Services	1,136,766	0	0	0	327,399	1,464,165
Agriculture and Natural Resources	2,851,425	0	0	0	0	2,851,425
Other Operations	975,956	0	0	0	0	975,956
Highways	0	8,190,135	0	0	0	8,190,135
Instruction	128,545	0	0	0	0	128,545
Debt Service:						
Principal on Debt	491,139	58,978	4,326,951	0	1,700,000	6,577,068
Interest on Debt	48,462	3,047	1,918,420	0	195,200	2,165,129

(Continued)

Exhibit C-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 250	\$ 0	\$ 20,688	\$ 1,583,737	\$ 300	\$ 1,604,975
Capital Projects	0	404,160	0	72,810,884	0	73,215,044
Capital Projects - Donated	133,689	0	0	67,190,889	0	67,324,578
Total Expenditures	\$ 51,744,245	\$ 8,656,320	\$ 6,371,587	\$ 141,585,510	\$ 9,659,540	\$ 218,017,202
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 2,874,312	 \$ 1,139,288	 \$ (80,849)	 \$ (141,585,510)	 \$ 475,858	 \$ (137,176,901)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 135,740,000	\$ 0	\$ 135,740,000
Capital Leases Issued	266,713	0	0	0	0	266,713
Premiums on Debt Sold	0	0	0	5,845,510	0	5,845,510
Transfers In	318,828	0	229,092	0	0	547,920
Transfers Out	(1,318,868)	0	0	0	(273,865)	(1,592,733)
Total Other Financing Sources (Uses)	\$ (733,327)	\$ 0	\$ 229,092	\$ 141,585,510	\$ (273,865)	\$ 140,807,410
 Net Change in Fund Balances	 \$ 2,140,985	 \$ 1,139,288	 \$ 148,243	 \$ 0	 \$ 201,993	 \$ 3,630,509
Fund Balance, July 1, 2016	8,809,416	4,868,122	3,705,006	0	2,332,098	19,714,642
 Fund Balance, June 30, 2017	 \$ 10,950,401	 \$ 6,007,410	 \$ 3,853,249	 \$ 0	 \$ 2,534,091	 \$ 23,345,151

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	3,630,509
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	4,546,007	
Less: current-year depreciation expense		<u>(3,088,757)</u>	1,457,250
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: net book value of assets disposed			(402,516)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2016	\$	(3,382,599)	
Add: deferred delinquent property taxes and other deferred June 30, 2017		<u>2,939,751</u>	(442,848)
(4) The issuance of long-term debt (e.g., notes, bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: capital lease proceeds	\$	(266,713)	
Less: bond proceeds		(135,740,000)	
Less: change in premium on debt issuances		(5,287,664)	
Add: principal payments on bonds		3,875,000	
Add: principal payments on notes		438,423	
Add: principal payments on other loans		1,694,195	
Add: principal payments on capital leases		569,450	
Less: contributions from the School Department for capital leases debt		(19,333)	
Less: change in deferred charge on refunding		(117,057)	
Add: change in deferred credit on refunding		<u>80,960</u>	(134,772,739)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(80,038)	
Change in compensated absences payable		(834,380)	
Change in other postemployment benefits liability		(391,111)	
Change in net pension liability/asset		(4,477,780)	
Change in deferred outflows related to pensions		5,164,775	
Change in deferred inflows related to pensions		<u>2,430,437</u>	1,811,903

(Continued)

Exhibit C-4

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

- (6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.

\$ 496,354

Change in net position of governmental activities (Exhibit B)

\$ (128,222,087)

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 34,145,695	\$ 0	\$ 0	\$ 34,145,695	\$ 33,094,286	\$ 33,110,286	\$ 1,035,409
Licenses and Permits	458,274	0	0	458,274	429,953	429,953	28,321
Fines, Forfeitures, and Penalties	601,094	0	0	601,094	508,501	508,501	92,593
Charges for Current Services	1,251,964	0	0	1,251,964	1,134,003	1,134,003	117,961
Other Local Revenues	223,903	0	0	223,903	249,920	249,920	(26,017)
Fees Received From County Officials	6,902,068	0	0	6,902,068	6,629,291	6,629,291	272,777
State of Tennessee	7,508,718	0	0	7,508,718	8,309,019	8,383,319	(874,601)
Federal Government	2,916,069	0	0	2,916,069	2,941,656	3,089,182	(173,113)
Other Governments and Citizens Groups	610,772	0	0	610,772	646,693	835,486	(224,714)
Total Revenues	\$ 54,618,557	\$ 0	\$ 0	\$ 54,618,557	\$ 53,943,322	\$ 54,369,941	\$ 248,616
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 398,444	\$ (257)	\$ 0	\$ 398,187	\$ 348,655	\$ 408,655	\$ 10,468
County Mayor/Executive	208,584	(1,619)	0	206,965	221,721	221,721	14,756
County Attorney	214,155	(29)	0	214,126	250,824	250,824	36,698
Election Commission	633,470	(17,645)	21,125	636,950	711,339	711,339	74,389
Register of Deeds	412,241	(7,120)	10,924	416,045	560,435	560,435	144,390
Planning	352,439	0	32,127	384,566	394,205	394,205	9,639
Geographical Information Systems	51,484	0	0	51,484	71,780	71,780	20,296
County Buildings	1,498,604	(136,523)	147,288	1,509,369	1,713,432	1,743,432	234,063
Other Facilities	182,286	0	0	182,286	211,746	211,746	29,460
Preservation of Records	91,619	(330)	0	91,289	91,565	104,984	13,695
Risk Management	702,172	(1,000)	0	701,172	1,811,140	721,364	20,192
<u>Finance</u>							
Accounting and Budgeting	685,604	(17,708)	2,955	670,851	740,943	740,943	70,092
Purchasing	576,460	(22,833)	8,073	561,700	604,030	604,030	42,330
Property Assessor's Office	1,674,202	(3,106)	4,006	1,675,102	1,758,512	1,758,512	83,410
County Trustee's Office	602,881	(21,166)	10,945	592,660	672,854	672,854	80,194
County Clerk's Office	1,341,658	0	9,604	1,351,262	1,609,853	1,609,853	258,591

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Data Processing	\$ 215,689	\$ (144,487)	\$ 45,393	\$ 116,595	\$ 170,000	\$ 170,000	\$ 53,405
Other Finance	586,331	0	0	586,331	700,000	700,000	113,669
<u>Administration of Justice</u>							
Circuit Court Judge	11,321	0	0	11,321	13,000	13,000	1,679
Circuit Court Clerk	1,644,942	(6,947)	917	1,638,912	1,683,333	1,727,010	88,098
General Sessions Court	543,601	0	169	543,770	556,919	556,919	13,149
General Sessions Judge	589,833	0	169	590,002	607,458	607,458	17,456
Drug Court	26,025	0	975	27,000	27,000	27,000	0
Chancery Court	603,564	(1,612)	4,751	606,703	614,722	613,114	6,411
Juvenile Court	728,971	(1,072)	8,942	736,841	795,469	795,468	58,627
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	411,167	0	0	411,167	390,550	430,550	19,383
Office of Public Defender	204,388	0	0	204,388	219,924	219,924	15,536
Judicial Commissioners	64,965	0	0	64,965	68,070	68,070	3,105
Other Administration of Justice	64,676	0	0	64,676	153,487	153,487	88,811
Courtroom Security	445,762	(956)	0	444,806	362,140	446,350	1,544
Victim Assistance Programs	55,027	0	0	55,027	20,500	55,027	0
<u>Public Safety</u>							
Sheriff's Department	9,765,058	(54,494)	79,050	9,789,614	10,324,483	10,162,819	373,205
Administration of the Sexual Offender Registry	4,843	(200)	0	4,643	10,500	10,500	5,857
Jail	8,648,825	(68,681)	132,379	8,712,523	9,084,834	8,999,282	286,759
Workhouse	95,843	(19)	0	95,824	103,277	103,277	7,453
Juvenile Services	560,890	0	0	560,890	638,552	638,552	77,662
Fire Prevention and Control	1,446,715	0	286,817	1,733,532	1,733,532	1,733,532	0
Civil Defense	657,768	(423)	828	658,173	711,908	711,909	53,736
Rescue Squad	863,447	0	110,521	973,968	1,011,763	1,011,763	37,795
Disaster Relief	2,961	0	3,996	6,957	7,955	21,792	14,835
County Coroner/Medical Examiner	433,532	0	1,850	435,382	442,908	442,908	7,526
Other Public Safety	522,117	(45,268)	2,432	479,281	310,191	493,984	14,703

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 5,890,765	\$ (84,521)	\$ 92,771	\$ 5,899,015	\$ 6,456,854	\$ 6,507,154	\$ 608,139
Rabies and Animal Control	439,517	0	0	439,517	364,517	439,517	0
Ambulance/Emergency Medical Services	154,196	0	133,914	288,110	349,000	349,000	60,890
Other Local Health Services	24,000	0	0	24,000	24,000	24,000	0
Regional Mental Health Center	97,077	0	0	97,077	90,187	100,187	3,110
Aid to Dependent Children	28,850	0	0	28,850	28,850	28,850	0
Other Local Welfare Services	15,000	0	0	15,000	10,000	15,000	0
Other Waste Disposal	491,044	(290,683)	54,550	254,911	349,000	349,000	94,089
Other Public Health and Welfare	10,000	0	0	10,000	10,000	10,000	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	801,766	(6,010)	1,295	797,051	889,053	894,053	97,002
Parks and Fair Boards	335,000	0	0	335,000	335,000	335,000	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	2,794,233	(13,795)	14,000	2,794,438	2,816,352	2,816,352	21,914
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	56,192	0	0	56,192	76,480	76,480	20,288
<u>Other Operations</u>							
Tourism	2,500	0	0	2,500	2,500	2,500	0
Industrial Development	360,156	0	0	360,156	363,940	363,940	3,784
Other Economic and Community Development	91,775	0	0	91,775	166,930	166,930	75,155
Veterans' Services	21,900	0	0	21,900	11,900	21,900	0
Employee Benefits	445,556	0	3,437	448,993	487,429	487,429	38,436
Miscellaneous	54,069	(3,351)	0	50,718	82,870	82,870	32,152
<u>Instruction</u>							
Career and Technical Education Program	10,239	0	0	10,239	10,239	10,239	0
Other	118,306	0	0	118,306	200,000	200,000	81,694
<u>Principal on Debt</u>							
General Government	491,139	0	0	491,139	0	491,139	0

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Interest on Debt</u>							
General Government	\$ 48,462	\$ 0	\$ 0	\$ 48,462	\$ 0	\$ 48,462	\$ 0
<u>Other Debt Service</u>							
General Government	250	0	0	250	12,000	250	0
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	133,689	0	0	133,689	0	133,689	0
Total Expenditures	<u>\$ 51,744,245</u>	<u>\$ (951,855)</u>	<u>\$ 1,226,203</u>	<u>\$ 52,018,593</u>	<u>\$ 55,676,610</u>	<u>\$ 55,658,313</u>	<u>\$ 3,639,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,874,312</u>	<u>\$ 951,855</u>	<u>\$ (1,226,203)</u>	<u>\$ 2,599,964</u>	<u>\$ (1,733,288)</u>	<u>\$ (1,288,372)</u>	<u>\$ 3,888,336</u>
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 266,713	\$ 0	\$ 0	\$ 266,713	\$ 0	\$ 266,713	\$ 0
Transfers In	318,828	0	0	318,828	0	318,828	0
Transfers Out	(1,318,868)	0	0	(1,318,868)	(245,939)	(1,335,715)	16,847
Total Other Financing Sources	<u>\$ (733,327)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (733,327)</u>	<u>\$ (245,939)</u>	<u>\$ (750,174)</u>	<u>\$ 16,847</u>
Net Change in Fund Balance	\$ 2,140,985	\$ 951,855	\$ (1,226,203)	\$ 1,866,637	\$ (1,979,227)	\$ (2,038,546)	\$ 3,905,183
Fund Balance, July 1, 2016	<u>8,809,416</u>	<u>(951,855)</u>	<u>0</u>	<u>7,857,561</u>	<u>5,695,175</u>	<u>5,695,175</u>	<u>2,162,386</u>
Fund Balance, June 30, 2017	<u>\$ 10,950,401</u>	<u>\$ 0</u>	<u>\$ (1,226,203)</u>	<u>\$ 9,724,198</u>	<u>\$ 3,715,948</u>	<u>\$ 3,656,629</u>	<u>\$ 6,067,569</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,949,736	\$ 0	\$ 0	\$ 5,949,736	\$ 5,967,500	\$ 5,967,500	\$ (17,764)
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	77,382	0	0	77,382	91,549	91,549	(14,167)
State of Tennessee	3,432,060	0	0	3,432,060	4,280,497	4,280,497	(848,437)
Federal Government	9,445	0	0	9,445	10,400	10,400	(955)
Other Governments and Citizens Groups	76,985	0	0	76,985	50,910	50,910	26,075
Total Revenues	\$ 9,795,608	\$ 0	\$ 0	\$ 9,795,608	\$ 10,650,856	\$ 10,650,856	\$ (855,248)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 365,325	\$ (4,375)	\$ 1,417	\$ 362,367	\$ 345,090	\$ 405,090	\$ 42,723
Highway and Bridge Maintenance	5,638,061	(2,369)	51,432	5,687,124	6,382,261	6,302,261	615,137
Operation and Maintenance of Equipment	417,435	(51,959)	39,759	405,235	600,000	620,000	214,765
Asphalt Plant Operations	735,561	(341)	135,073	870,293	904,000	904,000	33,707
Traffic Control	36,919	0	1,331	38,250	40,000	40,000	1,750
Other Charges	223,617	0	0	223,617	245,000	245,000	21,383
Capital Outlay	773,217	(120,995)	76,692	728,914	815,000	752,975	24,061
<u>Principal on Debt</u>							
Highways and Streets	58,978	0	0	58,978	0	58,978	0
<u>Interest on Debt</u>							
Highways and Streets	3,047	0	0	3,047	0	3,047	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	404,160	(55,933)	285,637	633,864	1,200,000	1,200,000	566,136
Total Expenditures	\$ 8,656,320	\$ (235,972)	\$ 591,341	\$ 9,011,689	\$ 10,531,351	\$ 10,531,351	\$ 1,519,662
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,139,288	\$ 235,972	\$ (591,341)	\$ 783,919	\$ 119,505	\$ 119,505	\$ 664,414
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,182	\$ 2,182	\$ (2,182)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,182	\$ 2,182	\$ (2,182)

(Continued)

Exhibit C-6

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,139,288	\$ 235,972	\$ (591,341)	\$ 783,919	\$ 121,687	\$ 121,687	\$ 662,232
Fund Balance, July 1, 2016	4,868,122	(235,972)	0	4,632,150	4,444,835	4,444,835	187,315
Fund Balance, June 30, 2017	\$ 6,007,410	\$ 0	\$ (591,341)	\$ 5,416,069	\$ 4,566,522	\$ 4,566,522	\$ 849,547

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Sullivan County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2017

	Governmental Activities
	Internal Service Funds
	<hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 658,723
Equity in Pooled Cash and Investments	760,602
Accounts Receivable	29,819
Due from Other Funds	954,265
Due from Component Units	67,549
Total Assets	<hr/> \$ 2,470,958 <hr/>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 6,878
Claims and Judgments Payable	218,922
Due to Other Funds	37,626
Other Current Liabilities	574,757
Total Liabilities	<hr/> \$ 838,183 <hr/>
<u>NET POSITION</u>	
Unrestricted	<hr/> \$ 1,632,775 <hr/>
Total Net Position	<hr/> \$ 1,632,775 <hr/>

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Sullivan County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,099,752
Other Employee Benefit Charges	4,839
Cobra Insurance Payments	3,516
Total Operating Revenues	<u>\$ 1,108,107</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 9,134
Dental Insurance	280,149
Audit Services	52,100
Liability Insurance	180,768
Medical Claims	263,586
Bank Charges	781
Other Fringe Benefits	3,168
Other Charges	125,951
Trustee's Commission	8
Workers' Compensation Insurance	741,072
Other Self Insurance Claims	635
Total Operating Expenses	<u>\$ 1,657,352</u>
Operating Income (Loss)	<u>\$ (549,245)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 786
Total Nonoperating Revenues (Expenses)	<u>\$ 786</u>
Income (Loss) before Transfers	\$ (548,459)
Transfers In	1,089,776
Transfers Out	<u>(44,963)</u>
Change in Net Position	\$ 496,354
Net Position, July 1, 2016	<u>1,136,421</u>
Net Position, June 30, 2017	<u><u>\$ 1,632,775</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Sullivan County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Governmental Activities Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 799,622
Payments to Insurers and Claims Payments	(1,460,602)
Payments for Administrative Costs	(329,321)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (990,301)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 786
Net Cash Provided By (Used In) Investing Activities	<u>\$ 786</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts for State Insurance Clearing Account	\$ 574,757
Disbursements for State Insurance Clearing Account	(393,941)
Transfers In	800,000
Transfers Out	(7,337)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 973,479</u>
Increase (Decrease) in Cash	\$ (16,036)
Cash, July 1, 2016	<u>1,435,361</u>
Cash, June 30, 2017	<u><u>\$ 1,419,325</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (549,245)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables Excluding Amount Attributable to Transfers	(308,485)
Increase (Decrease) in Other Current Liabilities, Excluding Liability for State Insurance Clearing Account	<u>(132,571)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (990,301)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 658,723
Equity in Pooled Cash and Investments Per Net Position	<u>760,602</u>
Cash, June 30, 2017	<u><u>\$ 1,419,325</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit E

Sullivan County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 8,664,965
Equity in Pooled Cash and Investments	2,502,340
Accounts Receivable	677
Due from Other Governments	6,615,443
Taxes Receivable	27,676,432
Allowance for Uncollectible Taxes	<u>(944,061)</u>
Total Assets	<u><u>\$ 44,515,796</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 35,487,204
Due to Litigants, Heirs, and Others	8,711,699
Due to Joint Ventures	<u>316,893</u>
Total Liabilities	<u><u>\$ 44,515,796</u></u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN COUNTY, TENNESSEE
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SULLIVAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sullivan County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Sullivan County:

A. Reporting Entity

Sullivan County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sullivan County (the primary government) and its component units. The financial statements of the Sullivan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Sullivan County School Department operates the public school system in the county, and the voters of Sullivan County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Sullivan County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sullivan County, and the Sullivan County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Sullivan County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Sullivan County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Sullivan County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Sullivan County Emergency
Communications District
P.O. Box 485
Blountville, TN 37618

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Sullivan County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sullivan County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Sullivan County issues all debt for the discretely presented Sullivan County School Department. Net debt issues totaling \$67,190,889 were contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. Internal service

funds are reported with the governmental activities in the government-wide financial statements, and fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Sullivan County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Sullivan County reports three proprietary funds, all internal service funds. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Sullivan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when

amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Sullivan County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county and for debt issued by the primary government for the benefit of the school systems within the county.

Additionally, Sullivan County reports the following fund types:

Internal Service Funds – The Self-Insurance Fund accounts for the self-insured general liability, property, casualty, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department. The Employee Insurance – General Fund accounts for the self-insured retirees’ supplemental health and employee dental programs. The Employee Insurance – Health Fund accounted for the primary government’s self-insured health programs. The Employee Insurance – Health Fund was closed during the year.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sullivan County, Bristol, Kingsport, and Johnson City school systems’ share of debt proceeds and applicable educational revenues, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Sullivan County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Education Capital Projects Fund – This fund is used to account for the receipt of debt issued by Sullivan County and contributed to the School Department for building construction and renovation.

Additionally, the Sullivan County School Department reports the following fund types:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Private-Purpose Trust Fund – The Endowment Fund is used to account for resources legally held in trust to fund student scholarships at a local high school. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds. Operating revenues and expenses generally result from providing services in connection with the funds’ principal ongoing operations. The principal operating revenues of the county’s internal service funds are self-insurance premiums.

Operating expenses for the internal service funds include various self-insured insurance program expenses and fiscal agent charges.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the internal service funds, cash includes cash on hand, demand deposits, cash with paying agent, cash equivalents, and cash on deposit with the county trustee. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sullivan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Sullivan County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.62 percent of total taxes levied. Ambulance receivables are shown

as gross of an allowance for uncollectibles for amounts exceeding 150 days.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The balance in the Other Current Liabilities account totaling \$957,767 on the Statement of Net Position for the primary government consists of a liability of \$383,010 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.E., and a liability of \$574,757 for undrafted deposits for health insurance premiums. Claims and judgments payable are discussed in Note V.A. Risk Management. The balance in Unearned Revenue on the Statement of Net Position for the discretely presented Sullivan County School Department consists of a liability totaling \$20,000,000 for amounts received from the City of Kingsport pursuant to an agreement to transfer title and ownership of Sullivan North High School to the city at a future date.

3. Inventories and Prepaid Items

Inventories of Sullivan County and the discretely presented Sullivan County School Department are recorded at cost or estimated cost, determined on the first-in, first-out method. Inventories of governmental

funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are defined by the discretely presented School Department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	50
Other Capital Assets	5 - 20
Infrastructure	40

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, pension changes in investment earnings, employer contributions made to the pension plan after the measurement date, other pension deferrals, and the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, other pension deferrals, the deferred credit on refunding, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

6. Compensated Absences

It is the county's and the School Department's policies to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for the primary government has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The School Department allows employees to accumulate earned but unused sick leave, which will be paid to employees upon separation from service at the rate of \$28 per day for one to 100 unused sick days; \$30 per day for 101 to 200 unused sick days; \$32 per day for 201 to 300 unused sick days; and \$34 per day for 301 and above unused sick days. This practice was negotiated by the Board of Education and the

local education association. All sick leave is accrued when incurred in the government-wide statements for the School Department.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such

as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2017, Sullivan County had \$167,507,290 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System, City of Kingsport School System, and City of Johnson City School System) based on average daily attendance prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Bristol School System, the City of Kingsport School System, and Johnson City School System. In addition, Sullivan County had outstanding debt totaling \$6,045,000 on June 30, 2017, for capital purposes of a joint venture, the Sullivan County Economic Development Partnership (NETWORKS). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$968,154 and fund balance appropriated for use in the 2017-18 year budget totaling \$1,363,882. Assigned fund balance in the School Department's General Purpose School Fund consists primarily of amounts assigned for use in the 2017-18 year budget of \$2,265,807.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Sullivan County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Sullivan County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Sullivan County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Sullivan County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Sullivan County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2017, Sullivan County and the discretely presented Sullivan County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Major Fund:		
General	Fire Truck	\$ 286,817
Highway/Public Works	Road Construction Materials	334,109
School Department:		
Nonmajor Fund:		
Special Purpose Fund	School Reroofing	149,500

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Sullivan County and the Sullivan County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase

agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2017, Sullivan County had the following investments carried at amortized cost using a stable net asset value. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

Investment	Weighted Average Maturity (days)	Amortized Cost
<hr/>		
State Treasurer's Investment Pool	3 to 80	\$ 1,465,753

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Sullivan County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sullivan County has no investment policy that would further limit its investment choices. As of June 30, 2017, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

Primary Government**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 2,458,142	\$ 0	\$ 0	\$ 2,458,142
Construction in Progress	400,554	2,694,300	(3,040,304)	54,550
Total Capital Assets Not Depreciated	<u>\$ 2,858,696</u>	<u>\$ 2,694,300</u>	<u>\$ (3,040,304)</u>	<u>\$ 2,512,692</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,484,484	\$ 3,119,503	\$ 0	\$ 36,603,987
Infrastructure	20,482,577	25,200	(697,914)	19,809,863
Other Capital Assets	30,051,476	1,747,308	(501,489)	31,297,295
Total Capital Assets Depreciated	<u>\$ 84,018,537</u>	<u>\$ 4,892,011</u>	<u>\$ (1,199,403)</u>	<u>\$ 87,711,145</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,373,520	\$ 754,517	\$ 0	\$ 14,128,037
Infrastructure	10,326,402	494,959	(344,136)	10,477,225
Other Capital Assets	18,248,543	1,839,281	(452,751)	19,635,073
Total Accumulated Depreciation	<u>\$ 41,948,465</u>	<u>\$ 3,088,757</u>	<u>\$ (796,887)</u>	<u>\$ 44,240,335</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,070,072</u>	<u>\$ 1,803,254</u>	<u>\$ (402,516)</u>	<u>\$ 43,470,810</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,928,768</u>	<u>\$ 4,497,554</u>	<u>\$ (3,442,820)</u>	<u>\$ 45,983,502</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 96,907
Administration of Justice	165,667
Public Safety	1,502,744
Public Health and Welfare	380,426
Social, Cultural, and Recreational	34,310
Agriculture and Natural Resources	54,931
Highways	<u>853,772</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,088,757</u>

Discretely Presented Sullivan County School Department**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 1,109,248	\$ 4,534,611	\$ 0	\$ 5,643,859
Construction in Progress	30,000	617,800	0	647,800
Total Capital Assets Not Depreciated	<u>\$ 1,139,248</u>	<u>\$ 5,152,411</u>	<u>\$ 0</u>	<u>\$ 6,291,659</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 123,337,526	\$ 127,131	\$ 0	\$ 123,464,657
Other Capital Assets	9,068,752	147,207	(95,267)	9,120,692
Total Capital Assets Depreciated	<u>\$ 132,406,278</u>	<u>\$ 274,338</u>	<u>\$ (95,267)</u>	<u>\$ 132,585,349</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 57,836,275	\$ 2,864,218	\$ 0	\$ 60,700,493
Other Capital Assets	7,065,307	459,596	(95,267)	7,429,636
Total Accumulated Depreciation	<u>\$ 64,901,582</u>	<u>\$ 3,323,814</u>	<u>\$ (95,267)</u>	<u>\$ 68,130,129</u>
Total Capital Assets Depreciated, Net	<u>\$ 67,504,696</u>	<u>\$ (3,049,476)</u>	<u>\$ 0</u>	<u>\$ 64,455,220</u>
Governmental Activities Capital Assets, Net	<u>\$ 68,643,944</u>	<u>\$ 2,102,935</u>	<u>\$ 0</u>	<u>\$ 70,746,879</u>

Depreciation expense was charged to functions of the discretely presented Sullivan County School Department as follows:

Governmental Activities:

Instruction	\$ 2,986,509
Support Services	214,890
Operation of Non-instructional Services	<u>122,415</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$ 3,323,814</u></u>

C. Commitments for Construction and Land Purchase

At June 30, 2017, the Education Capital Projects Fund had uncompleted construction contracts of approximately \$3,221,873 for architectural services related to new school construction and the Special Purpose Fund had uncompleted contracts of approximately \$149,500 for school reroofing. Funding for future expenditures of the Education Capital Projects and Special Purpose Fund is being provided from available fund balance.

On December 22, 2016, the Sullivan County Board of Education entered an agreement to purchase 69 acres of land for the construction of a new middle school. On May 4, 2017, the Board of Education entered another agreement to delay the closing on 15 acres of this land for up to 36 months. Closing for 54 acres of the property occurred on May 26, 2017. At June 30, 2017, the Board of Education had paid \$10,000 of the agreed upon total of \$426,440 for the remaining 15 acres. The balance, \$416,440, is reported as Committed for Education in the fund balance of the General Purpose School Fund at June 30, 2017.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, was as follows:

Due to/from Other Funds:

Primary Government:

General	Highway/Public Works	\$ 50,559
"	Nonmajor governmental	634,615
"	Internal Service	37,626
General Debt Service	General	229,092
Nonmajor governmental	"	603
"	Highway/Public Works	157
"	Nonmajor governmental	3,069
Internal Service	General	866,945
"	Highway/Public Works	74,601
"	Nonmajor governmental	12,719

Discretely Presented School

Department:

General Purpose School	Nonmajor governmental	784,350
Nonmajor governmental	General Purpose School	2,000
"	Nonmajor governmental	8,024

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	General Purpose School	\$ 26,221
Nonmajor governmental	"	617
Internal Service	"	67,549

Interfund Transfers:

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Internal Service Funds
General Fund	\$ 0	\$ 229,092	\$ 1,089,776
Nonmajor Governmental Funds	273,865	0	0
Internal Service Funds	44,963	0	0
Total	\$ 318,828	\$ 229,092	\$ 1,089,776

Transfers to the internal service fund represents amounts contributed by the General Fund for self-insured general liability, property, and workers compensation claims.

Discretely Presented Sullivan County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 618,311
Total	\$ 618,311

These transfers included \$562,000 contributed toward debt retirement and \$56,311 for indirect costs.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

As of June 30, 2017, Sullivan County had the following outstanding capital leases.

	Original Amount	Date Entered	Maturity Date	Interest Rate	Balance 6-30-17
<u>Payable through General Fund</u>					
Clerk and Master Computers (1)	\$ 20,679	1-15-14	11-15-17	6%	\$ 2,369
Circuit Computer Upgrades (1)	54,645	4-1-15	3-1-19	6	22,772
Sheriff Department Patrol Cars	1,260,505	5-7-15	5-31-18	2.25	318,554
Jail Camera System	459,900	12-29-15	1-20-20	3.25	275,752
Circuit Computers 2017 (1)	58,677	4-17-17	3-17-21	6	54,092
Sheriff Department Patrol Cars	208,036	5-18-17	5-18-20	3.4	153,391
<u>Payable through Highway/Public</u>					
<u>Public Works Fund</u>					
Dump Trucks	295,080	9-20-13	9-20-17	2.55	<u>60,483</u>
Total					<u>\$ 887,413</u>

Title to the equipment transfers to Sullivan County at the end of the lease period.

The assets acquired through capital leases outstanding at June 30, 2017, are as follows:

	Governmental Activities
	Primary Government
Machinery and Equipment	\$ 2,223,521
Less: Accumulated Depreciation	<u>(406,552)</u>
Total Book Value	<u>\$ 1,816,969</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30	Governmental Funds
2018	\$ 575,917
2019	177,770
2020	164,895
2021	<u>8,587</u>
Total Minimum Lease Payments	\$ 927,169
Less: Amount Representing Interest	<u>(39,756)</u>
Present Value of Minimum Lease Payments	<u>\$ 887,413</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Sullivan County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other debt obligations. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to eight years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2017, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	3 to 5%	%	5-1-47%	\$ 135,740,000	\$ 135,740,000
General Obligation Bonds - Refunding	2 to 5%		4-1-28	38,100,000	31,990,000
Capital Outlay Notes	2.65		10-16-23	1,500,000	1,080,565
Other Loans - Qualified School Construction Bonds	0 to 1.515		8-1-27	20,553,000	12,105,968
Other Loans - Energy Efficient Schools Initiative	0		4-16-20	5,054,635	3,627,037
Capital Leases	2.25 to 6		3-17-21	2,357,522	887,413

In 2009-10, Sullivan County entered into a loan agreement totaling \$15,480,000 with the Tennessee State School Bond Authority. Qualified School Construction Bonds were issued through the authority, and the proceeds were loaned to Sullivan County and other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee of \$1,290 to the authority. The county and the other borrowers of the bond proceeds are required to

comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

During 2010-11, Sullivan County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Sullivan County \$5,073,000 for Emmett Elementary and Holston Complex renovations. This loan is interest free after a rebate. The county pays an annual administrative fee of \$4,058.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 4,570,000	\$ 7,278,239	\$ 11,848,239
2019	7,245,000	6,616,644	13,861,644
2020	5,700,000	6,287,794	11,987,794
2021	6,020,000	6,018,244	12,038,244
2022	6,390,000	5,437,119	11,827,119
2023-2027	28,540,000	24,072,295	52,612,295
2028-2032	20,760,000	19,209,872	39,969,872
2033-2037	24,180,000	15,172,962	39,352,962
2038-2042	29,080,000	10,275,100	39,355,100
2043-2047	35,245,000	4,106,700	39,351,700
Total	<u>\$ 167,730,000</u>	<u>\$ 104,474,969</u>	<u>\$ 272,204,969</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 143,980	\$ 26,778	\$ 170,758
2019	147,841	22,913	170,754
2020	151,805	18,944	170,749
2021	155,876	14,869	170,745
2022	160,056	10,684	170,740
2023-2024	321,007	8,463	329,470
Total	<u>\$ 1,080,565</u>	<u>\$ 102,651</u>	<u>\$ 1,183,216</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 1,697,291	\$ 506,237	\$ 19,538	\$ 2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020	1,703,555	499,973	19,538	2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023-2027	7,185,269	2,207,861	86,082	9,479,212
2028	29,841	24,221	1,014	55,076
Total	\$ 15,733,005	\$ 4,731,827	\$ 184,788	\$ 20,649,620

In previous years, the county issued refunding bonds totaling \$6,265,000 for the benefit of the Sullivan County Economic Development Partnership (NETWORKS), a joint venture. The refunding bonds are general obligation debt of the county. The interlocal agreement, which established the partnership, requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of NETWORKS are not sufficient to meet those requirements, the other participating governments in NETWORKS have agreed to pay 49 percent of any such deficiency. The amount of the refunding bonds outstanding at June 30, 2017, were \$6,045,000.

There is \$3,961,860 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$1,047 for residents living inside the Bristol and Kingsport districts and \$1,091 for residents living outside these districts based on the 2010 census. Total debt per capita, including bonds, notes, other loans, capital leases, and unamortized premium on bonds, totaled \$1,219 for residents living inside the Bristol and Kingsport school districts and \$1,263 for residents living outside these districts based on the 2010 federal census.

During the year, the School Department contributed \$2,554,046 to the county debt service funds to be applied toward the retirement of school related debt. As described in Note IV.G., the School Department has pledged a portion of its local option sales tax revenues toward the retirement of the refunding bonds issued in 2015, which are paid through the Education Debt Service Fund. At June 30, 2017, the total amount outstanding on these bonds totaled \$3,605,000.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2016	\$ 35,865,000	\$ 1,518,988	\$ 17,427,200
Additions	135,740,000	0	0
Reductions	(3,875,000)	(438,423)	(1,694,195)
Balance, June 30, 2017	<u>\$ 167,730,000</u>	<u>\$ 1,080,565</u>	<u>\$ 15,733,005</u>
Balance Due Within One Year	<u>\$ 4,570,000</u>	<u>\$ 143,980</u>	<u>\$ 1,697,291</u>

	Capital Leases	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2016	\$ 1,190,150	\$ 2,013,960	\$ 1,232,762
Additions	266,713	1,450,353	2,964,711
Reductions	(569,450)	(1,059,242)	(2,130,331)
Balance, June 30, 2017	<u>\$ 887,413</u>	<u>\$ 2,405,071</u>	<u>\$ 2,067,142</u>
Balance Due Within One Year	<u>\$ 549,099</u>	<u>\$ 0</u>	<u>\$ 1,219,614</u>

	Net Pension Liability (Asset) Agent Plan
Balance, July 1, 2016	\$ (227,183)
Additions	11,037,843
Reductions	(6,560,063)
Balance, June 30, 2017	<u>\$ 4,250,597</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 194,153,793
Less: Balance Due Within One Year	(8,179,984)
Add: Unamortized Premium on Debt	<u>9,357,746</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 195,331,555</u>

Compensated absences and other postemployment benefits will be paid from the employing funds.

Discretely Presented Sullivan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented School Department for the year ended June 30, 2017, was as follows:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2016	\$ 40,652,382	\$ 2,529,895
Additions	8,512,878	857,375
Reductions	(2,610,692)	(556,577)
	<hr/>	<hr/>
Balance June 30, 2017	\$ 46,554,568	\$ 2,830,693
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 622,752
	<hr/>	<hr/>

	Net Pension Liability (Asset) Agent Plan	Net Pension Liability Teacher Legacy Plan
Balance, July 1, 2016	\$ (71,978)	\$ 398,943
Additions	3,724,553	16,409,104
Reductions	(2,218,276)	(10,409,723)
	<hr/>	<hr/>
Balance June 30, 2017	\$ 1,434,299	\$ 6,398,324
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 0
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 57,217,884
Less: Balance Due Within One Year	<u>(622,752)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 56,595,132</u>

These long-term obligations will be paid from the employing funds.

G. Pledges of Future Revenues – Discretely Presented Sullivan County School Department

The Sullivan County School Department has pledged a portion of its share of local option sales tax revenues toward the retirement of refunding bonds

issued by Sullivan County in 2015. Total principal and interest remaining on the debt is \$3,822,800 with annual requirements ranging from \$1,909,200 in the next fiscal year to \$1,913,600 in the final year of 2019.

H. On-Behalf Payments – Discretely Presented Sullivan County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and are reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$925,229 and \$156,512, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Donor-Restricted Endowments – Discretely Presented Sullivan County School Department

The Sullivan County School Department accounts for an endowment totaling \$120,995 in the Endowment Fund. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students of Sullivan North High School. During the year ended June 30, 2017, expenditures totaled \$6,390.

J. Short-term Debt

Primary Government

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance 7-1-16	Issued	Paid	Balance 6-30-17
Tax Anticipation Notes -				
General Fund	\$ 0	\$ 4,387,323	\$ (4,387,323)	\$ 0

Discretely Presented Sullivan County School Department

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance			Balance
	7-1-16	Issued	Paid	6-30-17
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 2,000,000	\$ (2,000,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Sullivan County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Sullivan County also provided supplemental self-insured coverage through the General Fund to limit out-of-pocket maximums to \$3,500 per individual and \$7,000 per family. The county was notified by LGGIF that the supplemental coverage being provided by the county through the General Fund was not permissible based on pool regulations. Effective January 1, 2017, the county ceased providing any supplemental coverage to limit out-of-pocket maximums.

The discretely presented Sullivan County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303,

TCA, provides for the LEGIF to be self-sustaining through member premiums.

Sullivan County established a self-insurance fund for risks associated with general liability, property, casualty losses, and workers' compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance claims are reimbursed from the Highway/Public Works and General Purpose School funds for claims associated with those departments. The county's General Fund absorbs the costs of claims associated with other departments. The county retains the risk of loss to limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$300,000 for a single accident for workers' compensation. Amounts exceeding these limits are covered by excess loss policies, subject to various policy limits. A fee is paid from this fund to a third-party agent who investigates claims and determines recommended action to be taken.

Sullivan County maintains the Employee Insurance – General Fund (an internal service fund) for self-insured risks associated with the retirees' supplemental health and employee dental plans for employees of the primary government.

Sullivan County also maintained the Employee Insurance – Health Fund (an internal service fund) prior to joining the LGGIF public entity risk pool. That fund was closed during the year.

Liabilities of the self-insurance funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability of unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Self-Insurance Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-2016	\$ 245,535	\$ 921,079	\$ (946,212)	\$ 220,402
2016-2017	220,402	922,475	(917,455)	225,422

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end (prepaid)
2015-2016	\$ (7,300)	\$ 555,248	\$ (547,948)	\$ 0
2016-2017	0	537,187	(537,187)	0

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-2016	\$ 609,483	4,059,105	(4,668,588)	0
2016-2017	0	6,548	(6,548)	0

Supplemental Employee Insurance Provided Through the General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-2016	\$ 0	\$ 4,404	\$ (4,404)	\$ 0
2016-2017	0	53,417	(53,417)	0

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of*

GASB Statements No. 67, No. 68, and No. 73, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

C. Contingent Liabilities

On February 20, 2014, Sullivan County issued \$2,975,000 of Airport Revenue and Tax Refunding Bonds for the Tri-Cities Airport (a joint venture described in Note V.E.). Sullivan County is contingently liable for 20 percent of the principal and interest on these bonds in the event revenues of the Airport

Commission are not sufficient to cover the payments. The other governments participating in the joint venture are contingently liable for the remaining 80 percent of the principal and interest requirements.

There are several pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance funds in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance funds would not materially affect the financial statements of the county.

D. Changes in Administration

On June 5, 2017, Property Assessor Ronald Hillman passed away. He was succeeded by Robert White on June 26, 2017. Robert White left the position effective June 30, 2017.

E. Joint Ventures

Primary Government

The Tri-Cities Regional Airport is a joint venture in which Sullivan County participates, along with Washington County and the cities of Kingsport; Johnson City; Bristol, Tennessee; and Bristol, Virginia. The airport is governed by a 12-member board (the Tri-Cities Regional Airport Authority) comprising two members appointed by Sullivan County and ten members appointed by the other participating governments. Funding for the Airport Authority is provided primarily by revenues generated from airport services and by capital grants from the federal and state governments. Complete financial statements for the Tri-Cities Regional Airport can be requested at the following address:

Tri-Cities Regional Airport
2525 Highway 75, Suite 301
Blountville, TN 37617

The Sullivan County Economic Development Partnership (NETWORKS) is a joint venture in which Sullivan County participates, along with the cities of Kingsport, Bristol, and Bluff City. The partnership is governed by a 13-member voting board of directors comprising the four mayors, four members appointed by the Sullivan County mayor, three members appointed by the Kingsport mayor, and two members appointed by the Bristol mayor. Eleven other non-voting ex-officio members also serve on the board. Funding for the NETWORKS is provided primarily by contributions from Sullivan County and the member cities, revenues generated from capital projects and other business activities of the partnership. Complete financial statements for the NETWORKS can be requested at the following address:

Sullivan County Economic
Development Partnership
P.O. Box 426
Blountville, TN 37617

The Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Second Judicial District, Sullivan County, and various cities within Sullivan County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district. Sullivan County made no contributions to the DTF for the year ended June 30, 2017, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General
Second Judicial District
P.O. Box 526
Blountville, TN 37617

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Sullivan County and the counties of Carter, Greene, Hawkins, Johnson, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction facilities. This program is governed by a board of directors designated by the counties. The board of directors has contracted with ElyJenn Health Services, LLC, to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Sullivan County's participation cost percentage is 31.7 percent. The counties also pay a daily fee for individuals from their counties using the facility. Complete financial statements for the Juvenile Detention Center can be obtained from its administrative office at the following address:

Upper East Tennessee Regional
Juvenile Detention Center
307 Wesley Street
Johnson City, TN 37601

The Sullivan County, Bluff City, Kingsport Animal Control Center is a joint venture formed by an interlocal agreement between Sullivan County and the cities of Bluff City and Kingsport. The purpose of the Animal Control Center is to provide animal control, prevent cruelty to animals, and operate one or more animal shelters with Sullivan County, Bluff City, and Kingsport. The Animal Control Center is governed by a nine-member board comprising two

members appointed by Sullivan County, two members appointed by the City of Kingsport, one member by the City of Bluff City, one member by the Sullivan County Humane Society, and one member by the Animal Rescue Coalition, with the county mayor of Sullivan County and the city manager of the City of Kingsport as voting ex officio members. Funding for the Animal Control Center is provided by revenues generated from adoption fees and contributions from Sullivan County and the member cities. Sullivan County contributed \$439,517 to the Animal Control Center for the year ended June 30, 2017. Complete financial statements for the Animal Control Center can be obtained from its administrative office at the following address:

Sullivan County, Bluff City,
Kingsport Animal Control Center
P.O. Box 507
Kingsport, TN 37662

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Sullivan County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee. Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

F. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by

a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager as an ex-officio member, is in charge of the daily operation of the center.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 74.77 percent, the non-certified employees of the discretely presented School Department comprised 25.23 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten

percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1,105
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	894
Active Employees	1,060
Total	<u><u>3,059</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. All employees hired on or after April 1, 2012, are required to contribute five percent of salary to the plan. As of April 1, 2012, Sullivan County elected to discontinue the non-contributory provisions for all future hires. Employees who were hired prior to April 1, 2012, continue to be eligible for the non-contributory provisions. Sullivan County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Sullivan County was \$5,809,117 based on a rate of 15.54 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sullivan County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Sullivan County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Sullivan County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 165,327,685	\$ 165,626,846	\$ (299,161)
Changes for the year:			
Service Cost	\$ 2,762,316	\$ 0	\$ 2,762,316
Interest	12,279,709	0	12,279,709
Differences Between Expected and Actual Experience	1,151,421	0	1,151,421
Contributions-Employer	0	5,523,734	(5,523,734)
Contributions-Employees	0	411,340	(411,340)
Net Investment Income	0	4,355,091	(4,355,091)
Benefit Payments, Including Refunds of Employee Contributions	(8,721,095)	(8,721,095)	0
Administrative Expense	0	(80,776)	80,776
Other Changes	0	0	0
Net Changes	\$ 7,472,351	\$ 1,488,294	\$ 5,984,057
Balance, June 30, 2016	\$ 172,800,036	\$ 167,115,140	\$ 5,684,896

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 74.77%	\$ 129,202,587	\$ 124,951,990	\$ 4,250,597
School Department 25.23%	43,597,449	42,163,150	1,434,299
Total	\$ 172,800,036	\$ 167,115,140	\$ 5,684,896

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Sullivan County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Sullivan County	6.5%	7.5%	8.5%

Net Pension Liability \$ 26,808,060 \$ 5,684,896 \$ (12,046,519)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2017, Sullivan County recognized pension expense of \$1,902,769.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Sullivan County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 921,137	\$ 3,097,817
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,531,143	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	5,809,117	N/A
Total	<u>\$ 12,261,397</u>	<u>\$ 3,097,817</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 9,307,368	\$ 2,316,238
School Department	2,954,029	781,579
Total	<u>\$ 12,261,397</u>	<u>\$ 3,097,817</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (494,183)
2019	(494,183)
2020	2,520,665
2021	1,822,168
2022	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2017, Sullivan County reported a payable of \$356,432 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

Discretely Presented Sullivan County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee

Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 74.77 percent and the non-certified employees of the discretely presented School Department comprise 25.23 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the

prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$164,790, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2017, the Sullivan County School Department reported an asset of \$66,261 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Sullivan County School Department's proportion of the net pension asset was based on the Sullivan County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Sullivan County School Department's proportion was .636495 percent. The revised proportion measured at June 30, 2015, was 1.009515 percent.

Pension Expense. For the year ended June 30, 2017, the Sullivan County School Department recognized pension expense of \$56,347.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Sullivan County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 6,420	\$ 7,640
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,849	0
Changes in Proportion of Net Pension Liability (Asset)	10,463	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	164,790	0
Total	<u>\$ 192,522</u>	<u>\$ 7,640</u>

The Sullivan County School Department's employer contributions of \$164,790, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 3,554
2019	3,554
2020	3,554
2021	3,037
2022	712
Thereafter	5,682

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Sullivan County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Sullivan County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 31,290	\$ (66,261)	\$ (138,136)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to

an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sullivan County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$3,192,744, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2017, the Sullivan County School Department reported a liability of \$6,398,324 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Sullivan County School Department's proportion of the net pension liability (asset) was based on the Sullivan County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Sullivan County School Department's proportion was 1.023823 percent. The proportion measured at June 30, 2015, was .973901 percent.

Pension Expense. For the year ended June 30, 2017, the Sullivan County School Department recognized pension expense of \$652,021.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Sullivan County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 269,264	\$ 7,746,250
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,143,815	0
Changes in Proportion of Net Pension Liability (Asset)	378,641	710,979
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	3,192,744	N/A
Total	<u>\$ 10,984,464</u>	<u>\$ 8,457,229</u>

The Sullivan County School Department's employer contributions of \$3,192,744 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (1,299,247)
2019	(1,299,247)
2020	2,127,636
2021	234,406
2022	(429,056)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Sullivan County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Sullivan County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 35,134,297 \$ 6,398,324 \$ (17,405,260)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Sullivan County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Sullivan County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Sullivan County School Department contributed \$205,051 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. **Other Postemployment Benefits (OPEB)**

Primary Government

Plan Description

Sullivan County participates in the state-administered Local Government Group Insurance Plan (LGGIP) for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html>.

Sullivan County also provides additional Medicare supplement coverage through the Employee Insurance – General Fund (an internal service fund), as discussed in Note V.A., Risk Management.

Funding Policy

The premium requirements of LGGIP plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants.

The following policy exists for postemployment health care benefits for all employees hired before October 1, 2008. Sullivan County employees who meet retirement criteria of the Tennessee Consolidated Retirement System are also eligible for county provided postemployment health benefits until age 65. Spouses are eligible to continue medical coverage until the retiree is eligible for Medicare. Pre-65 retirees with 25 years of service and 55 years of age are not required to make a contribution, while those with less than 25 years of service must contribute 100 percent. Medicare supplement benefits are provided for post-65 retirees who meet requirements set by the insurance committee for years of service and age at retirement. The county contributes to the Medicare supplement cost for eligible retirees based on years of service and date of retirement.

Sullivan County contributed \$1,059,242 for postemployment benefits during the year ended June 30, 2017.

Annual OPEB Cost and Net OPEB Obligation

	LGGIP and County Medicare Supplement
ARC	\$ 1,491,159
Interest on the NOPEBO	(101,225)
Adjustment to the ARC	60,419
Annual OPEB cost	\$ 1,450,353
Amount of contribution	(1,059,242)
Increase/decrease in NOPEBO	\$ 391,111
Net OPEB obligation, 7-1-16	2,013,960
Net OPEB obligation, 6-30-17	\$ 2,405,071

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Self-insured	\$ 1,115,437	106	% \$ 1,696,236
6-30-16	"	1,117,878	72	2,013,960
6-30-17	LGGIP amd County Medicare Supplement	1,450,353	73	2,405,071

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016, was as follows:

Actuarial valuation date	7-1-16
Actuarial accrued liability (AAL)	\$ 21,435,122
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 21,435,122
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,167,473
UAAL as a % of covered payroll	132.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of

plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a three percent discount rate and an annual health care cost trend rate of seven percent initially reduced by decrements to an ultimate rate of 2.5 percent by 2025. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning July 1, 2013, increasing at two percent per year (the payroll growth rate).

Discretely Presented Sullivan County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The state plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html>.

Funding Policy

The premium requirements of the state plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing

active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For pre-65 teachers, the School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. For post-65 teachers participating in the state sponsored plan, the School Department pays the difference between the full premium (\$121) and the subsidy provided by the state (\$50 maximum). Support personnel may participate in the state sponsored Medicare Plan. The School Department pays the entire premium for these support personnel. During the year ended June 30, 2017, the discretely presented School Department contributed \$2,610,692 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan
ARC	\$ 3,406,000	\$ 5,113,000
Interest on the NOPEBO	441,424	1,083,041
Adjustment to the ARC	(443,197)	(1,087,390)
Annual OPEB cost	\$ 3,404,227	\$ 5,108,651
Amount of contribution	(1,971,852)	(638,840)
Increase/decrease in NOPEBO	\$ 1,432,375	\$ 4,469,811
Net OPEB obligation, 7-1-16	11,771,301	28,881,081
Net OPEB obligation, 6-30-17	<u>\$ 13,203,676</u>	<u>\$ 33,350,892</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 3,366,350	60 %	\$ 10,425,065
6-30-16	"	3,293,430	59	11,771,301
6-30-17	"	3,404,227	58	13,203,676
6-30-15	State Medicare Supplement	4,239,346	11	24,510,006
6-30-16	"	4,942,309	12	28,881,081
6-30-17	"	5,108,651	13	33,350,892

Funded Status and Funding Progress

The funded status of the plans as of July 1, 2015, was as follows:

	Local Education Group Plan	State Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 31,824,000	\$ 56,684,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 31,824,000	\$ 56,684,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 48,622,779	\$ N/A
UAAL as a % of covered payroll	66%	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The annual health care cost trend rate for the state Medicare Supplement Plan was six percent for fiscal year 2017 and then will be reduced by decrements to an ultimate rate of 4.345 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a

level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

I. Office of Central Accounting

Sullivan County operates under the provisions of Section 5-12-101, et seq., *Tennessee Code Annotated (TCA)*, and Section 5-13-101, et seq., *TCA*, which provide for accounting records of the funds under the supervision of the county mayor and highway commissioner to be maintained by personnel of the Central Accounting Office under the administration of the director of accounts and budgets. Records for funds administered by the director of schools were maintained by the School Department personnel.

J. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 261, Private Acts of 1947, as amended. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. The county commission has adopted a resolution pursuant to Section 12-3-1212, *Tennessee Code Annotated*, requiring competitive bids on purchases exceeding \$15,000.

K. Subsequent Events

On June 30, 2017, Robert White left the office of Property Assessor and was succeeded by Russell Baker on July 31, 2017.

On September 20, 2017, Sullivan County agreed to guarantee 26.95 percent of \$8,500,000 in debt issued by the Tri-Cities Regional Airport, a joint venture in which the county actively participates, for the development of an aerospace park.

On October 5, 2017, Sullivan County issued a \$3,881,208 tax anticipation note for the General Fund and a \$1,060,935 tax anticipation note for the General Debt Service Fund.

On November 20, 2017, Sullivan County agreed to terminate its operating agreement with the Sullivan County, Bluff City, Kingsport Animal Control Center, a joint venture in which the county actively participates, effective December 31, 2017.

On November 27, 2017, Sullivan County issued a \$494,574 capital lease through the Highway/Public Works Fund for dump trucks.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Sullivan County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 2,831,605	\$ 2,806,297	\$ 2,762,316
Interest	11,770,957	12,081,223	12,279,709
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	(2,239,987)	(3,669,701)	1,151,421
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)
Net Change in Total Pension Liability	\$ 4,295,414	\$ 2,884,200	\$ 7,472,351
Total Pension Liability, Beginning	158,148,071	162,443,485	165,327,685
Total Pension Liability, Ending (a)	\$ 162,443,485	\$ 165,327,685	\$ 172,800,036
Plan Fiduciary Net Position			
Contributions - Employer	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734
Contributions - Employee	181,889	314,187	411,340
Net Investment Income	23,440,229	4,990,588	4,355,091
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)
Administrative Expense	(46,764)	(54,252)	(80,776)
Net Change in Plan Fiduciary Net Position	\$ 20,609,259	\$ 2,189,132	\$ 1,488,294
Plan Fiduciary Net Position, Beginning	142,828,455	163,437,714	165,626,846
Plan Fiduciary Net Position, Ending (b)	\$ 163,437,714	\$ 165,626,846	\$ 167,115,140
Net Pension Liability (Asset), Ending (a - b)	\$ (994,229)	\$ (299,161)	\$ 5,684,896
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.61%	100.18%	96.71%
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.93%)	(0.88%)	15.96%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-2

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,809,117
Less Contributions in Relation to the Actuarially Determined Contribution	(5,101,066)	(5,272,228)	(5,523,734)	(5,809,117)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,390,874
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.51%	15.54%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-3

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017
Contractually Required Contribution	\$ 85,668	\$ 112,024	\$ 164,790
Less Contributions in Relation to the Contractually Required Contribution	(85,668)	(112,024)	(164,790)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,340,997	\$ 3,192,744
Less Contributions in Relation to the Contractually Required Contribution	(3,498,250)	(3,295,803)	(3,340,997)	(3,192,744)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

Note: ten years of data will be presented when available.

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	1.030791%	0.636495%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)	\$ (66,261)
Covered Payroll	\$ 2,141,724	\$ 2,800,606
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30 *

	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	1.003689%	0.973901%	1.023823%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (163,095)	\$ 398,943	\$ 6,398,324
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Sullivan County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insured	7-1-13	\$ 0	\$ 17,569	\$ 17,569	0 %	\$16,320	108 %
"	7-1-15	0	19,139	19,139	0	23,587	81
Local Government Group and County Medicare Supplement	7-1-16	0	21,435	21,435	0	16,167	133
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	41,251	41,251	0	52,064	79
"	7-1-13	0	32,795	32,795	0	49,614	66
"	7-1-15	0	31,824	31,824	0	48,623	66
Medicare Supplement - State	7-1-11	0	33,682	33,682	0	N/A	N/A
"	7-1-13	0	44,523	44,523	0	N/A	N/A
"	7-1-15	0	56,684	56,684	0	N/A	N/A

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to the county’s trash collection and waste disposal.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions relating to emergency medical services.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions relating to Observation Knob Park.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for financial resources from the issuance of bonds and capital outlay notes to be used for the acquisition or construction/renovation of major capital facilities.

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Total
<u>ASSETS</u>						
Cash	\$ 250	\$ 3,006	\$ 0	\$ 200	\$ 166,320	\$ 169,776
Equity in Pooled Cash and Investments	1,169,380	627,138	181,111	275,195	0	2,252,824
Accounts Receivable	66,833	2,354,672	1,010	0	96,372	2,518,887
Allowance for Uncollectibles	0	(764,086)	0	0	0	(764,086)
Due from Other Governments	4,985	0	0	0	0	4,985
Due from Other Funds	1,480	0	2,349	0	0	3,829
Due from Component Units	617	0	0	0	0	617
Property Taxes Receivable	735,734	0	0	0	0	735,734
Allowance for Uncollectible Property Taxes	(23,934)	0	0	0	0	(23,934)
Total Assets	\$ 1,955,345	\$ 2,220,730	\$ 184,470	\$ 275,395	\$ 262,692	\$ 4,898,632
<u>LIABILITIES</u>						
Accounts Payable	\$ 52,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 52,998
Accrued Payroll	22,537	127,316	0	0	0	149,853
Payroll Deductions Payable	5,894	46,432	0	850	0	53,176
Due to Other Funds	11,117	102,049	0	274,545	262,692	650,403
Total Liabilities	\$ 92,546	\$ 275,797	\$ 0	\$ 275,395	\$ 262,692	\$ 906,430
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 698,440	\$ 0	\$ 0	\$ 0	\$ 0	\$ 698,440
Deferred Delinquent Property Taxes	12,700	0	0	0	0	12,700

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Constitu - tional Officers - Fees	Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation			
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>							
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,100,936	\$ 0	\$ 0	\$ 0	\$ 1,100,936	
Total Deferred Inflows of Resources	\$ 711,140	\$ 1,100,936	\$ 0	\$ 0	\$ 0	\$ 1,812,076	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	\$ 0	\$ 0	\$ 184,470	\$ 0	\$ 0	\$ 184,470	
Restricted for Debt Service	0	0	0	0	0	0	
Restricted for Capital Projects	0	0	0	0	0	0	
Committed:							
Committed for Public Health and Welfare	1,151,659	843,997	0	0	0	1,995,656	
Total Fund Balances	\$ 1,151,659	\$ 843,997	\$ 184,470	\$ 0	\$ 0	\$ 2,180,126	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,955,345	\$ 2,220,730	\$ 184,470	\$ 275,395	\$ 262,692	\$ 4,898,632	

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Allowance for Uncollectibles
Due from Other Governments
Due from Other Funds
Due from Component Units
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes

Debt Service Fund Education Debt Service	Capital Projects Fund Other Capital Projects	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 169,776
108,611	245,354	2,606,789
0	0	2,518,887
0	0	(764,086)
0	0	4,985
0	0	3,829
0	0	617
0	0	735,734
0	0	(23,934)
<u>\$ 108,611</u>	<u>\$ 245,354</u>	<u>\$ 5,252,597</u>
\$ 0	\$ 0	\$ 52,998
0	0	149,853
0	0	53,176
0	0	650,403
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 906,430</u>
\$ 0	\$ 0	\$ 698,440
0	0	12,700

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Other Capital Projects	
DEFERRED INFLOWS OF RESOURCES (Cont.)			
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 1,100,936
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 1,812,076
FUND BALANCES			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 184,470
Restricted for Debt Service	108,611	0	108,611
Restricted for Capital Projects	0	245,354	245,354
Committed:			
Committed for Public Health and Welfare	0	0	1,995,656
Total Fund Balances	\$ 108,611	\$ 245,354	\$ 2,534,091
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 108,611	\$ 245,354	\$ 5,252,597

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Total
<u>Revenues</u>						
Local Taxes	\$ 759,888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 759,888
Fines, Forfeitures, and Penalties	0	0	78,333	0	0	78,333
Charges for Current Services	325,352	5,927,910	0	341,275	17,799	6,612,336
Other Local Revenues	306,155	1,492	220	0	0	307,867
State of Tennessee	330,280	0	0	0	0	330,280
Federal Government	0	0	4,451	0	0	4,451
Other Governments and Citizens Groups	93,669	26,150	0	0	0	119,819
Total Revenues	\$ 1,815,344	\$ 5,955,552	\$ 83,004	\$ 341,275	\$ 17,799	\$ 8,212,974
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,799	\$ 17,799
Finance	0	0	0	0	0	0
Public Safety	0	0	42,575	0	0	42,575
Public Health and Welfare	1,566,368	5,790,675	0	0	0	7,357,043
Social, Cultural, and Recreational Services	0	0	0	327,399	0	327,399
Debt Service:						
Principal on Debt	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0
Total Expenditures	\$ 1,566,368	\$ 5,790,675	\$ 42,575	\$ 327,399	\$ 17,799	\$ 7,744,816

(Continued)

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Total
Excess (Deficiency) of Revenues Over Expenditures	\$ 248,976	\$ 164,877	\$ 40,429	\$ 13,876	\$ 0	\$ 468,158
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (273,865)	\$ 0	\$ (273,865)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (273,865)	\$ 0	\$ (273,865)
Net Change in Fund Balances	\$ 248,976	\$ 164,877	\$ 40,429	\$ (259,989)	\$ 0	\$ 194,293
Fund Balance, July 1, 2016	902,683	679,120	144,041	259,989	0	1,985,833
Fund Balance, June 30, 2017	\$ 1,151,659	\$ 843,997	\$ 184,470	\$ 0	\$ 0	\$ 2,180,126

(Continued)

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Debt Service Fund Education Debt Service	Capital Projects Fund Other Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 759,888
Fines, Forfeitures, and Penalties	0	0	78,333
Charges for Current Services	0	0	6,612,336
Other Local Revenues	0	0	307,867
State of Tennessee	0	0	330,280
Federal Government	0	0	4,451
Other Governments and Citizens Groups	1,922,424	0	2,042,243
Total Revenues	<u>\$ 1,922,424</u>	<u>\$ 0</u>	<u>\$ 10,135,398</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 17,799
Finance	19,224	0	19,224
Public Safety	0	0	42,575
Public Health and Welfare	0	0	7,357,043
Social, Cultural, and Recreational Services	0	0	327,399
Debt Service:			
Principal on Debt	1,700,000	0	1,700,000
Interest on Debt	195,200	0	195,200
Other Debt Service	300	0	300
Total Expenditures	<u>\$ 1,914,724</u>	<u>\$ 0</u>	<u>\$ 9,659,540</u>

(Continued)

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Debt Service Fund Education Debt Service	Capital Projects Fund Other Capital Projects	Total Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,700	\$ 0	\$ 475,858
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$ 0	\$ (273,865)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (273,865)
Net Change in Fund Balances	\$ 7,700	\$ 0	\$ 201,993
Fund Balance, July 1, 2016	100,911	245,354	2,332,098
Fund Balance, June 30, 2017	\$ 108,611	\$ 245,354	\$ 2,534,091

Exhibit G-3

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 759,888	\$ 0	\$ 0	\$ 759,888	\$ 757,066	\$ 757,066	\$ 2,822
Charges for Current Services	325,352	0	0	325,352	224,168	224,168	101,184
Other Local Revenues	306,155	0	0	306,155	143,850	143,850	162,305
State of Tennessee	330,280	0	0	330,280	179,868	179,868	150,412
Other Governments and Citizens Groups	93,669	0	0	93,669	84,977	84,977	8,692
Total Revenues	<u>\$ 1,815,344</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,815,344</u>	<u>\$ 1,389,929</u>	<u>\$ 1,389,929</u>	<u>\$ 425,415</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 3,528	\$ (1,225)	\$ 0	\$ 2,303	\$ 26,000	\$ 26,000	\$ 23,697
Transfer Stations	1,562,840	(61,590)	143,052	1,644,302	1,843,994	1,843,994	199,692
Total Expenditures	<u>\$ 1,566,368</u>	<u>\$ (62,815)</u>	<u>\$ 143,052</u>	<u>\$ 1,646,605</u>	<u>\$ 1,869,994</u>	<u>\$ 1,869,994</u>	<u>\$ 223,389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 248,976</u>	<u>\$ 62,815</u>	<u>\$ (143,052)</u>	<u>\$ 168,739</u>	<u>\$ (480,065)</u>	<u>\$ (480,065)</u>	<u>\$ 648,804</u>
Net Change in Fund Balance	\$ 248,976	\$ 62,815	\$ (143,052)	\$ 168,739	\$ (480,065)	\$ (480,065)	\$ 648,804
Fund Balance, July 1, 2016	<u>902,683</u>	<u>(62,815)</u>	<u>0</u>	<u>839,868</u>	<u>895,005</u>	<u>895,005</u>	<u>(55,137)</u>
Fund Balance, June 30, 2017	<u><u>\$ 1,151,659</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (143,052)</u></u>	<u><u>\$ 1,008,607</u></u>	<u><u>\$ 414,940</u></u>	<u><u>\$ 414,940</u></u>	<u><u>\$ 593,667</u></u>

Exhibit G-4

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 5,927,910	\$ 0	\$ 0	\$ 5,927,910	\$ 5,300,000	\$ 6,385,000	\$ (457,090)
Other Local Revenues	1,492	0	0	1,492	21,000	21,000	(19,508)
Other Governments and Citizens Groups	26,150	0	0	26,150	16,000	16,000	10,150
Total Revenues	<u>\$ 5,955,552</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,955,552</u>	<u>\$ 5,337,000</u>	<u>\$ 6,422,000</u>	<u>\$ (466,448)</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 5,790,675	\$ (32,265)	\$ 23,204	\$ 5,781,614	\$ 5,323,185	\$ 6,408,185	\$ 626,571
Total Expenditures	<u>\$ 5,790,675</u>	<u>\$ (32,265)</u>	<u>\$ 23,204</u>	<u>\$ 5,781,614</u>	<u>\$ 5,323,185</u>	<u>\$ 6,408,185</u>	<u>\$ 626,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 164,877</u>	<u>\$ 32,265</u>	<u>\$ (23,204)</u>	<u>\$ 173,938</u>	<u>\$ 13,815</u>	<u>\$ 13,815</u>	<u>\$ 160,123</u>
Net Change in Fund Balance	\$ 164,877	\$ 32,265	\$ (23,204)	\$ 173,938	\$ 13,815	\$ 13,815	\$ 160,123
Fund Balance, July 1, 2016	<u>679,120</u>	<u>(32,265)</u>	<u>0</u>	<u>646,855</u>	<u>227,404</u>	<u>227,404</u>	<u>419,451</u>
Fund Balance, June 30, 2017	<u>\$ 843,997</u>	<u>\$ 0</u>	<u>\$ (23,204)</u>	<u>\$ 820,793</u>	<u>\$ 241,219</u>	<u>\$ 241,219</u>	<u>\$ 579,574</u>

Exhibit G-5

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 78,333	\$ 0	\$ 0	\$ 78,333	\$ 60,000	\$ 60,000	\$ 18,333
Other Local Revenues	220	0	0	220	0	0	220
Federal Government	4,451	0	0	4,451	30,000	30,000	(25,549)
Total Revenues	<u>\$ 83,004</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,004</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ (6,996)</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 42,575	\$ (546)	\$ 250	\$ 42,279	\$ 90,000	\$ 90,000	\$ 47,721
Total Expenditures	<u>\$ 42,575</u>	<u>\$ (546)</u>	<u>\$ 250</u>	<u>\$ 42,279</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 47,721</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,429</u>	<u>\$ 546</u>	<u>\$ (250)</u>	<u>\$ 40,725</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,725</u>
Net Change in Fund Balance	\$ 40,429	\$ 546	\$ (250)	\$ 40,725	\$ 0	\$ 0	\$ 40,725
Fund Balance, July 1, 2016	<u>144,041</u>	<u>(546)</u>	<u>0</u>	<u>143,495</u>	<u>141,075</u>	<u>141,075</u>	<u>2,420</u>
Fund Balance, June 30, 2017	<u><u>\$ 184,470</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (250)</u></u>	<u><u>\$ 184,220</u></u>	<u><u>\$ 141,075</u></u>	<u><u>\$ 141,075</u></u>	<u><u>\$ 43,145</u></u>

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 341,275	\$ 0	\$ 341,275	\$ 331,000	\$ 331,000	\$ 10,275
Total Revenues	\$ 341,275	\$ 0	\$ 341,275	\$ 331,000	\$ 331,000	\$ 10,275
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Parks and Fair Boards	\$ 327,399	\$ (2,092)	\$ 325,307	\$ 309,534	\$ 354,534	\$ 29,227
Total Expenditures	\$ 327,399	\$ (2,092)	\$ 325,307	\$ 309,534	\$ 354,534	\$ 29,227
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,876	\$ 2,092	\$ 15,968	\$ 21,466	\$ (23,534)	\$ 39,502
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (273,865)	\$ 0	\$ (273,865)	\$ 0	\$ (273,865)	\$ 0
Total Other Financing Sources	\$ (273,865)	\$ 0	\$ (273,865)	\$ 0	\$ (273,865)	\$ 0
Net Change in Fund Balance	\$ (259,989)	\$ 2,092	\$ (257,897)	\$ 21,466	\$ (297,399)	\$ 39,502
Fund Balance, July 1, 2016	259,989	(2,092)	257,897	267,475	267,475	(9,578)
Fund Balance, June 30, 2017	\$ 0	\$ 0	\$ 0	\$ 288,941	\$ (29,924)	\$ 29,924

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,922,425	\$ 0	\$ 0
Other Governments and Citizens Groups	1,922,424	0	1,922,425	(1)
Total Revenues	\$ 1,922,424	\$ 1,922,425	\$ 1,922,425	\$ (1)
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 19,224	\$ 19,225	\$ 19,225	\$ 1
<u>Principal on Debt</u>				
Education	1,700,000	1,700,000	1,700,000	0
<u>Interest on Debt</u>				
Education	195,200	195,200	195,200	0
<u>Other Debt Service</u>				
Education	300	8,000	8,000	7,700
Total Expenditures	\$ 1,914,724	\$ 1,922,425	\$ 1,922,425	\$ 7,701
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,700	\$ 0	\$ 0	\$ 7,700
Net Change in Fund Balance	\$ 7,700	\$ 0	\$ 0	\$ 7,700
Fund Balance, July 1, 2016	100,911	153,175	153,175	(52,264)
Fund Balance, June 30, 2017	\$ 108,611	\$ 153,175	\$ 153,175	\$ (44,564)

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,353,700	\$ 5,251,088	\$ 5,251,088	\$ 102,612
Other Local Revenues	305,416	539,650	539,650	(234,234)
Other Governments and Citizens Groups	631,622	811,460	632,622	(1,000)
Total Revenues	\$ 6,290,738	\$ 6,602,198	\$ 6,423,360	\$ (132,622)
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 105,528	\$ 105,000	\$ 105,000	\$ (528)
<u>Principal on Debt</u>				
General Government	2,475,000	2,785,000	2,475,000	0
Education	1,851,951	1,835,378	1,993,134	141,183
<u>Interest on Debt</u>				
General Government	1,375,813	1,435,681	1,375,813	0
Education	542,607	551,778	585,052	42,445
<u>Other Debt Service</u>				
General Government	1,150	4,000	4,000	2,850
Education	19,538	21,167	21,167	1,629
Total Expenditures	\$ 6,371,587	\$ 6,738,004	\$ 6,559,166	\$ 187,579
Excess (Deficiency) of Revenues Over Expenditures	\$ (80,849)	\$ (135,806)	\$ (135,806)	\$ 54,957
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 229,092	\$ 245,939	\$ 245,939	\$ (16,847)
Total Other Financing Sources	\$ 229,092	\$ 245,939	\$ 245,939	\$ (16,847)
Net Change in Fund Balance	\$ 148,243	\$ 110,133	\$ 110,133	\$ 38,110
Fund Balance, July 1, 2016	3,705,006	2,703,205	2,703,205	1,001,801
Fund Balance, June 30, 2017	\$ 3,853,249	\$ 2,813,338	\$ 2,813,338	\$ 1,039,911

Proprietary Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursement basis.

Self-Insurance Fund – The Self-Insurance Fund is used to account for the self-insured general liability, property, casualty, and workers' compensation programs managed by the county for the primary government and the discretely presented School Department.

Employee Insurance - General Fund – The Employee Insurance - General Fund is used to account for the primary government's self-insured retirees' supplemental health and employee dental programs.

Employee Insurance - Health Fund – The Employee Insurance - Health Fund was used to account for the primary government's self-insured employee health programs. The county has changed from the self-insured health program to participating in a public entity risk pool for health benefits and this fund has been closed.

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2017

ASSETS

Current Assets:

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Funds
 Due from Component Units

Total Assets

Internal Service Funds			Total Proprietary Funds
Self- Insurance	Employee Insurance - General	Employee Insurance - Health	
\$ 46,340	\$ 0	\$ 612,383	\$ 658,723
686,243	74,359	0	760,602
29,373	446	0	29,819
697,227	257,038	0	954,265
67,549	0	0	67,549
<u>\$ 1,526,732</u>	<u>\$ 331,843</u>	<u>\$ 612,383</u>	<u>\$ 2,470,958</u>

LIABILITIES

Current Liabilities:

Accounts Payable
 Claims and Judgments Payable
 Due to Other Funds
 Other Current Liabilities

Total Liabilities

\$ 6,500	\$ 378	\$ 0	\$ 6,878
218,922	0	0	218,922
0	0	37,626	37,626
0	0	574,757	574,757
<u>\$ 225,422</u>	<u>\$ 378</u>	<u>\$ 612,383</u>	<u>\$ 838,183</u>

NET POSITION

Unrestricted

Total Net Position

\$ 1,301,310	\$ 331,465	\$ 0	\$ 1,632,775
<u>\$ 1,301,310</u>	<u>\$ 331,465</u>	<u>\$ 0</u>	<u>\$ 1,632,775</u>

Exhibit I-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Position
All Proprietary Funds
For the Year Ended June 30, 2017

	Internal Service Funds			
	Self- Insurance	Employee Insurance - General	Employee Insurance - Health	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 515,021	\$ 584,731	\$ 0	\$ 1,099,752
Other Employee Benefit Charges	0	0	4,839	4,839
Cobra Insurance Payments	0	3,516	0	3,516
Total Operating Revenues	<u>\$ 515,021</u>	<u>\$ 588,247</u>	<u>\$ 4,839</u>	<u>\$ 1,108,107</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 0	\$ 9,134	\$ 0	\$ 9,134
Dental Insurance	0	280,149	0	280,149
Audit Services	52,100	0	0	52,100
Liability Insurance	180,768	0	0	180,768
Medical Claims	0	257,038	6,548	263,586
Bank Charges	504	0	277	781
Other Fringe Benefits	0	0	3,168	3,168
Other Charges	0	0	125,951	125,951
Trustee's Commission	8	0	0	8
Workers' Compensation Insurance	741,072	0	0	741,072
Other Self Insurance Claims	635	0	0	635
Total Operating Expenses	<u>\$ 975,087</u>	<u>\$ 546,321</u>	<u>\$ 135,944</u>	<u>\$ 1,657,352</u>
Operating Income (Loss)	<u>\$ (460,066)</u>	<u>\$ 41,926</u>	<u>\$ (131,105)</u>	<u>\$ (549,245)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 786	\$ 0	\$ 0	\$ 786
Total Nonoperating Revenues (Expenses)	<u>\$ 786</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 786</u>
Income (Loss) before Transfers	\$ (459,280)	\$ 41,926	\$ (131,105)	\$ (548,459)
Transfers In	1,089,776	0	0	1,089,776
Transfers Out	0	0	(44,963)	(44,963)
Change in Net Position	\$ 630,496	\$ 41,926	\$ (176,068)	\$ 496,354
Net Position, July 1, 2016	670,814	289,539	176,068	1,136,421
Net Position, June 30, 2017	<u>\$ 1,301,310</u>	<u>\$ 331,465</u>	<u>\$ 0</u>	<u>\$ 1,632,775</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2017

	Internal Service Funds			
	Self- Insurance	Employee Insurance - General	Employee Insurance - Health	Total
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-Insurance Premiums	\$ 454,734	\$ 339,838	\$ 5,050	\$ 799,622
Payments to Insurers and Claims Payments	(916,820)	(537,234)	(6,548)	(1,460,602)
Payments for Administrative Costs	(53,247)	(10,629)	(265,445)	(329,321)
Net Cash Provided By (Used In) Operating Activities	\$ (515,333)	\$ (208,025)	\$ (266,943)	\$ (990,301)
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 786	\$ 0	\$ 0	\$ 786
Net Cash Provided By (Used In) Investing Activities	\$ 786	\$ 0	\$ 0	\$ 786
<u>Cash Flows from Noncapital Financing Activities</u>				
Receipts for State Insurance Clearing Account	\$ 0	\$ 0	\$ 574,757	\$ 574,757
Disbursementf for State Insurance Clearing Account	0	0	(393,941)	(393,941)
Transfers In	800,000	0	0	800,000
Transfers Out	0	0	(7,337)	(7,337)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ 800,000	\$ 0	\$ 173,479	\$ 973,479
Increase (Decrease) in Cash	\$ 285,453	\$ (208,025)	\$ (93,464)	\$ (16,036)
Cash, July 1, 2016	447,130	282,384	705,847	1,435,361
Cash, June 30, 2017	\$ 732,583	\$ 74,359	\$ 612,383	\$ 1,419,325
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (460,066)	\$ 41,926	\$ (131,105)	\$ (549,245)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in Operating Receivables	(60,287)	(248,409)	211	(308,485)
Increase (Decrease) in Other Current Liabilities, Excluding Liability for State Insurance Clearing Account	5,020	(1,542)	(136,049)	(132,571)
Net Cash Provided By (Used In) Operating Activities	\$ (515,333)	\$ (208,025)	\$ (266,943)	\$ (990,301)
<u>Reconciliation of Cash With the Statement of Net Position</u>				
Cash Per Net Position	\$ 46,340	\$ 0	\$ 612,383	\$ 658,723
Equity in Pooled Cash and Investments Per Net Position	686,243	74,359	0	760,602
Cash, June 30, 2017	\$ 732,583	\$ 74,359	\$ 612,383	\$ 1,419,325

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

City School ADA - Bristol Fund, City School ADA - Kingsport Fund, and City School ADA – Johnson City Fund – These three funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit, general sessions, and law courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Agency Funds			
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	Constitu - tional Officers - Agency
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 8,664,965
Equity in Pooled Cash and Investments	0	795,973	1,346,598	0
Accounts Receivable	0	251	426	0
Due from Other Governments	4,145,409	930,048	1,536,128	0
Property Taxes Receivable	0	10,262,993	17,413,439	0
Allowance for Uncollectible Property Taxes	0	(350,077)	(593,984)	0
Total Assets	\$ 4,145,409	\$ 11,639,188	\$ 19,702,607	\$ 8,664,965
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 4,145,409	\$ 11,639,188	\$ 19,702,607	\$ 0
Due to Litigants, Heirs, and Others	0	0	0	8,664,965
Due to Joint Ventures	0	0	0	0
Total Liabilities	\$ 4,145,409	\$ 11,639,188	\$ 19,702,607	\$ 8,664,965

(Continued)

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds (Cont.)

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Due to Other Taxing Units
Due to Litigants, Heirs, and Others
Due to Joint Ventures

Total Liabilities

<u>Agency Funds (Cont.)</u>			
Judicial	District		
District	Attorney		
Drug	General	Total	
<hr/>			
\$ 0	\$ 0	\$ 8,664,965	
313,035	46,734	2,502,340	
0	0	677	
3,858	0	6,615,443	
0	0	27,676,432	
0	0	(944,061)	
<hr/>			
\$ 316,893	\$ 46,734	\$ 44,515,796	
<hr/>			
<hr/>			
\$ 0	\$ 0	\$ 35,487,204	
0	46,734	8,711,699	
316,893	0	316,893	
<hr/>			
\$ 316,893	\$ 46,734	\$ 44,515,796	
<hr/>			
<hr/>			

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 23,937,673	\$ 23,937,673	\$ 0
Due from Other Governments	3,928,696	4,145,409	3,928,696	4,145,409
Total Assets	\$ 3,928,696	\$ 28,083,082	\$ 27,866,369	\$ 4,145,409
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,928,696	\$ 28,083,082	\$ 27,866,369	\$ 4,145,409
Total Liabilities	\$ 3,928,696	\$ 28,083,082	\$ 27,866,369	\$ 4,145,409
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 507,829	\$ 44,075,762	\$ 43,787,618	\$ 795,973
Accounts Receivable	263	251	263	251
Due from Other Governments	888,277	930,048	888,277	930,048
Taxes Receivable	11,894,740	10,262,993	11,894,740	10,262,993
Allowance for Uncollectible Taxes	(335,500)	(350,077)	(335,500)	(350,077)
Total Assets	\$ 12,955,609	\$ 54,918,977	\$ 56,235,398	\$ 11,639,188
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 12,955,609	\$ 54,918,977	\$ 56,235,398	\$ 11,639,188
Total Liabilities	\$ 12,955,609	\$ 54,918,977	\$ 56,235,398	\$ 11,639,188
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 818,188	\$ 74,238,855	\$ 73,710,445	\$ 1,346,598
Accounts Receivable	424	426	424	426
Due from Other Governments	1,425,734	1,536,128	1,425,734	1,536,128
Taxes Receivable	19,164,749	17,413,439	19,164,749	17,413,439
Allowance for Uncollectible Taxes	(540,557)	(593,984)	(540,557)	(593,984)
Total Assets	\$ 20,868,538	\$ 92,594,864	\$ 93,760,795	\$ 19,702,607
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 20,868,538	\$ 92,594,864	\$ 93,760,795	\$ 19,702,607
Total Liabilities	\$ 20,868,538	\$ 92,594,864	\$ 93,760,795	\$ 19,702,607

(Continued)

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Johnson City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 520,718	\$ 520,718	\$ 0
Total Assets	\$ 0	\$ 520,718	\$ 520,718	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 520,718	\$ 520,718	\$ 0
Total Liabilities	\$ 0	\$ 520,718	\$ 520,718	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,880,437	\$ 27,506,033	\$ 26,721,505	\$ 8,664,965
Total Assets	\$ 7,880,437	\$ 27,506,033	\$ 26,721,505	\$ 8,664,965
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 7,880,437	\$ 27,506,033	\$ 26,721,505	\$ 8,664,965
Total Liabilities	\$ 7,880,437	\$ 27,506,033	\$ 26,721,505	\$ 8,664,965
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 116,483	\$ 354,858	\$ 158,306	\$ 313,035
Due from Other Governments	16,944	3,858	16,944	3,858
Total Assets	\$ 133,427	\$ 358,716	\$ 175,250	\$ 316,893
<u>Liabilities</u>				
Due to Joint Ventures	\$ 133,427	\$ 358,716	\$ 175,250	\$ 316,893
Total Liabilities	\$ 133,427	\$ 358,716	\$ 175,250	\$ 316,893

(Continued)

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 35,134	\$ 25,969	\$ 14,369	\$ 46,734
Total Assets	<u>\$ 35,134</u>	<u>\$ 25,969</u>	<u>\$ 14,369</u>	<u>\$ 46,734</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 35,134	\$ 25,969	\$ 14,369	\$ 46,734
Total Liabilities	<u>\$ 35,134</u>	<u>\$ 25,969</u>	<u>\$ 14,369</u>	<u>\$ 46,734</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 7,880,437	\$ 27,506,033	\$ 26,721,505	\$ 8,664,965
Equity in Pooled Cash and Investments	1,477,634	143,153,835	142,129,129	2,502,340
Accounts Receivable	687	677	687	677
Due from Other Governments	6,259,651	6,615,443	6,259,651	6,615,443
Taxes Receivable	31,059,489	27,676,432	31,059,489	27,676,432
Allowance for Uncollectible Taxes	(876,057)	(944,061)	(876,057)	(944,061)
Total Assets	<u>\$ 45,801,841</u>	<u>\$ 204,008,359</u>	<u>\$ 205,294,404</u>	<u>\$ 44,515,796</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 133,427	\$ 358,716	\$ 175,250	\$ 316,893
Due to Other Taxing Units	37,752,843	176,117,641	178,383,280	35,487,204
Due to Litigants, Heirs, and Others	7,915,571	27,532,002	26,735,874	8,711,699
Total Liabilities	<u>\$ 45,801,841</u>	<u>\$ 204,008,359</u>	<u>\$ 205,294,404</u>	<u>\$ 44,515,796</u>

Sullivan County School Department

This section presents combining and individual fund financial statements for the Sullivan County School Department, a discretely presented component unit. The School Department uses a General Fund, four Special Revenue Funds, a Capital Projects Fund, and a Fiduciary Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

Special Purpose Fund – The Special Purpose Fund is used to account for the transactions involving school maintenance and building improvements.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – This fund is used to account for the operations of the prepaid pre-kindergarten childcare program.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the School Department for which the principal amount and interest earned is to be expended for the benefit of scholarships for Sullivan County students.

Exhibit K-1

Sullivan County, Tennessee
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 63,182,384	\$ 51,758	\$ 4,725,294	\$ 67,190,889	\$ 8,785,557
Support Services	29,830,124	328,332	1,292,726	0	(28,209,066)
Operation of Non-instructional Services	5,170,304	1,003,347	3,700,886	0	(466,071)
Interest on Long-term Debt	7,698	0	0	0	(7,698)
Total Governmental Activities	\$ 98,190,510	\$ 1,383,437	\$ 9,718,906	\$ 67,190,889	\$ (19,897,278)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 28,091,765
Local Option Sales Tax					12,996,683
Interstate Telecommunications Tax					4,891
Grants and Contributions Not Restricted for Specific Programs					43,710,891
Unrestricted Investment Income					679
Miscellaneous					303,445
Total General Revenues					\$ 85,108,354
Change in Net Position					\$ 65,211,076
Net Position, July 1, 2016					33,329,767
Net Position, June 30, 2017					\$ 98,540,843

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2017

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 4,924	\$ 0	\$ 8,364	\$ 13,288
Equity in Pooled Cash and Investments	11,158,923	82,373,501	4,078,610	97,611,034
Inventories	150,210	0	82,430	232,640
Accounts Receivable	2,668	0	992	3,660
Due from Other Governments	2,394,237	0	160,496	2,554,733
Due from Other Funds	784,350	0	10,024	794,374
Property Taxes Receivable	24,841,314	0	59,063	24,900,377
Allowance for Uncollectible Property Taxes	(820,898)	0	(28,470)	(849,368)
Prepaid Items	3,894	0	0	3,894
Total Assets	<u>\$ 38,519,622</u>	<u>\$ 82,373,501</u>	<u>\$ 4,371,509</u>	<u>\$ 125,264,632</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 21,842	\$ 0	\$ 13,438	\$ 35,280
Accrued Payroll	1,167	0	31,283	32,450
Payroll Deductions Payable	595,566	0	16	595,582
Contracts Payable	0	0	34,600	34,600
Due to Other Funds	2,000	0	792,374	794,374
Due to Primary Government	94,387	0	0	94,387
Other Current Liabilities	15,180	0	46,670	61,850
Unearned/Unavailable Revenue	0	20,000,000	0	20,000,000
Total Liabilities	<u>\$ 730,142</u>	<u>\$ 20,000,000</u>	<u>\$ 918,381</u>	<u>\$ 21,648,523</u>

(Continued)

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 23,555,089	\$ 0	\$ 0	\$ 23,555,089
Deferred Delinquent Property Taxes	442,337	0	29,081	471,418
Other Deferred/Unavailable Revenue	1,147,604	0	0	1,147,604
Total Deferred Inflows of Resources	<u>\$ 25,145,030</u>	<u>\$ 0</u>	<u>\$ 29,081</u>	<u>\$ 25,174,111</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 150,210	\$ 0	\$ 82,430	\$ 232,640
Prepaid Items	3,894	0	0	3,894
Restricted:				
Restricted for Education	273,895	0	2,890,134	3,164,029
Restricted for Capital Projects	0	62,373,501	0	62,373,501
Committed:				
Committed for Education	416,440	0	451,483	867,923
Assigned:				
Assigned for Education	2,275,799	0	0	2,275,799
Unassigned	9,524,212	0	0	9,524,212
Total Fund Balances	<u>\$ 12,644,450</u>	<u>\$ 62,373,501</u>	<u>\$ 3,424,047</u>	<u>\$ 78,441,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 38,519,622</u>	<u>\$ 82,373,501</u>	<u>\$ 4,371,509</u>	<u>\$ 125,264,632</u>

Exhibit K-3

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Sullivan County School Department
June 30, 2017

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$	78,441,998
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,643,859	
Add: construction in progress		647,800	
Add: buildings and improvements net of accumulated depreciation		62,764,164	
Add: other capital assets net of accumulated depreciation		<u>1,691,056</u>	70,746,879
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,619,022
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(2,830,693)	
Less: other postemployment benefits liability		(46,554,568)	
Less: net pension liability - agent plan		(1,434,299)	
Less: net pension liability - teacher legacy plan		<u>(6,398,324)</u>	(57,217,884)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	14,131,015	
Less: deferred inflows of resources related to pensions		<u>(9,246,448)</u>	4,884,567
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - teacher retirement plan			<u>66,261</u>
Net position of governmental activities (Exhibit A)		\$	<u>98,540,843</u>

Exhibit K-4

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 39,417,347	\$ 0	\$ 1,735,790	\$ 41,153,137
Licenses and Permits	5,355	0	0	5,355
Charges for Current Services	316,025	0	1,060,937	1,376,962
Other Local Revenues	124,094	0	186,505	310,599
State of Tennessee	43,203,964	0	40,925	43,244,889
Federal Government	247,225	0	9,876,828	10,124,053
Other Governments and Citizens Groups	1,200	67,190,889	2,823	67,194,912
Total Revenues	<u>\$ 83,315,210</u>	<u>\$ 67,190,889</u>	<u>\$ 12,903,808</u>	<u>\$ 163,409,907</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 48,322,411	\$ 0	\$ 4,949,194	\$ 53,271,605
Support Services	29,914,921	0	1,179,337	31,094,258
Operation of Non-Instructional Services	645,542	0	4,499,140	5,144,682
Capital Outlay	232,820	0	408,325	641,145
Debt Service:				
Interest on Debt	7,698	0	0	7,698
Other Debt Service	2,554,046	0	0	2,554,046
Capital Projects	0	4,817,388	0	4,817,388
Total Expenditures	<u>\$ 81,677,438</u>	<u>\$ 4,817,388</u>	<u>\$ 11,035,996</u>	<u>\$ 97,530,822</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,637,772</u>	<u>\$ 62,373,501</u>	<u>\$ 1,867,812</u>	<u>\$ 65,879,085</u>

(Continued)

Exhibit K-4

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<hr/>				
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 618,311	\$ 0	\$ 0	\$ 618,311
Transfers Out	0	0	(618,311)	(618,311)
Total Other Financing Sources (Uses)	<u>\$ 618,311</u>	<u>\$ 0</u>	<u>\$ (618,311)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,256,083	\$ 62,373,501	\$ 1,249,501	\$ 65,879,085
Fund Balance, July 1, 2016	<u>10,388,367</u>	<u>0</u>	<u>2,174,546</u>	<u>12,562,913</u>
Fund Balance, June 30, 2017	<u>\$ 12,644,450</u>	<u>\$ 62,373,501</u>	<u>\$ 3,424,047</u>	<u>\$ 78,441,998</u>

Exhibit K-5

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ 65,879,085
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 5,426,749	
Less: current-year depreciation expense	(3,323,814)	2,102,935
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes/other deferred June 30, 2016	\$ (1,627,343)	
Add: deferred delinquent property taxes/other deferred June 30, 2017	1,619,022	(8,321)
(3) The contribution of long-term debt (e.g., bonds, capital leases) by the primary government provides current financial resources to governmental funds, while the contribution by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on capital leases for primary government		19,333
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (300,798)	
Change in other postemployment benefits liability	(5,902,186)	
Change in pension asset - teacher retirement plan	24,793	
Change in pension liability - agent plan	(1,506,277)	
Change in pension liability - teacher legacy plan	(5,999,381)	
Change in deferred outflows related to pensions	8,960,278	
Change in deferred inflows related to pensions	1,941,615	(2,781,956)
Change in net position of governmental activities (Exhibit B)		<u>\$ 65,211,076</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2017

	Special Revenue Funds				Total
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 255	\$ 8,109	\$ 8,364
Equity in Pooled Cash and Investments	2,537,288	218,331	1,279,349	43,642	4,078,610
Inventories	0	0	82,430	0	82,430
Accounts Receivable	0	0	992	0	992
Due from Other Governments	0	156,451	4,045	0	160,496
Due from Other Funds	0	0	10,024	0	10,024
Property Taxes Receivable	59,063	0	0	0	59,063
Allowance for Uncollectible Property Taxes	(28,470)	0	0	0	(28,470)
Total Assets	<u>\$ 2,567,881</u>	<u>\$ 374,782</u>	<u>\$ 1,377,095</u>	<u>\$ 51,751</u>	<u>\$ 4,371,509</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 11,850	\$ 663	\$ 925	\$ 0	\$ 13,438
Accrued Payroll	0	31,283	0	0	31,283
Payroll Deductions Payable	0	6	10	0	16
Contracts Payable	34,600	0	0	0	34,600
Due to Other Funds	562,000	137,562	92,544	268	792,374
Other Current Liabilities	0	0	46,670	0	46,670
Total Liabilities	<u>\$ 608,450</u>	<u>\$ 169,514</u>	<u>\$ 140,149</u>	<u>\$ 268</u>	<u>\$ 918,381</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Delinquent Property Taxes	\$ 29,081	\$ 0	\$ 0	\$ 0	\$ 29,081
Total Deferred Inflows of Resources	<u>\$ 29,081</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,081</u>

(Continued)

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 82,430	\$ 0	\$ 82,430
Restricted:					
Restricted for Education	1,930,350	5,268	954,516	0	2,890,134
Committed:					
Committed for Education	0	200,000	200,000	51,483	451,483
Total Fund Balances	<u>\$ 1,930,350</u>	<u>\$ 205,268</u>	<u>\$ 1,236,946</u>	<u>\$ 51,483</u>	<u>\$ 3,424,047</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,567,881</u>	<u>\$ 374,782</u>	<u>\$ 1,377,095</u>	<u>\$ 51,751</u>	<u>\$ 4,371,509</u>

Exhibit K-7

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Revenues</u>					
Local Taxes	\$ 1,735,790	\$ 0	\$ 0	\$ 0	\$ 1,735,790
Charges for Current Services	0	0	1,009,179	51,758	1,060,937
Other Local Revenues	0	0	186,505	0	186,505
State of Tennessee	0	0	40,925	0	40,925
Federal Government	0	6,152,189	3,723,166	1,473	9,876,828
Other Governments and Citizens Groups	0	0	2,823	0	2,823
Total Revenues	\$ 1,735,790	\$ 6,152,189	\$ 4,962,598	\$ 53,231	\$ 12,903,808
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 4,949,194	\$ 0	\$ 0	\$ 4,949,194
Support Services	34,686	1,144,651	0	0	1,179,337
Operation of Non-Instructional Services	0	0	4,447,893	51,247	4,499,140
Capital Outlay	408,325	0	0	0	408,325
Total Expenditures	\$ 443,011	\$ 6,093,845	\$ 4,447,893	\$ 51,247	\$ 11,035,996
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,292,779	\$ 58,344	\$ 514,705	\$ 1,984	\$ 1,867,812
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (562,000)	\$ (56,311)	\$ 0	\$ 0	\$ (618,311)
Total Other Financing Sources (Uses)	\$ (562,000)	\$ (56,311)	\$ 0	\$ 0	\$ (618,311)

(Continued)

Exhibit K-7

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds			Other Education Special Revenue	Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Central Cafeteria		
Net Change in Fund Balances	\$ 730,779	\$ 2,033	\$ 514,705	\$ 1,984	\$ 1,249,501
Fund Balance, July 1, 2016	1,199,571	203,235	722,241	49,499	2,174,546
Fund Balance, June 30, 2017	<u>\$ 1,930,350</u>	<u>\$ 205,268</u>	<u>\$ 1,236,946</u>	<u>\$ 51,483</u>	<u>\$ 3,424,047</u>

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 39,417,347	\$ 0	\$ 0	\$ 39,417,347	\$ 38,866,605	\$ 38,866,605	\$ 550,742
Licenses and Permits	5,355	0	0	5,355	6,000	6,000	(645)
Charges for Current Services	316,025	0	0	316,025	318,600	318,600	(2,575)
Other Local Revenues	124,094	0	0	124,094	452,500	452,500	(328,406)
State of Tennessee	43,203,964	0	0	43,203,964	41,946,422	43,118,217	85,747
Federal Government	247,225	0	0	247,225	307,500	307,500	(60,275)
Other Governments and Citizens Groups	1,200	0	0	1,200	25,000	25,000	(23,800)
Total Revenues	\$ 83,315,210	\$ 0	\$ 0	\$ 83,315,210	\$ 81,922,627	\$ 83,094,422	\$ 220,788
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 40,110,171	\$ 0	\$ 186	\$ 40,110,357	\$ 42,174,860	\$ 42,200,295	\$ 2,089,938
Special Education Program	5,398,971	0	2,106	5,401,077	5,630,030	5,630,030	228,953
Career and Technical Education Program	2,813,269	(32)	1,503	2,814,740	2,880,646	2,880,646	65,906
<u>Support Services</u>							
Health Services	893,841	(15,200)	0	878,641	900,129	900,129	21,488
Other Student Support	1,963,255	0	0	1,963,255	2,115,832	2,115,832	152,577
Regular Instruction Program	2,756,123	(1,128)	643	2,755,638	3,098,746	3,079,413	323,775
Special Education Program	209,949	(68)	0	209,881	217,162	217,162	7,281
Career and Technical Education Program	168,094	0	0	168,094	170,135	170,135	2,041
Other Programs	1,081,741	0	0	1,081,741	0	1,081,741	0
Board of Education	1,501,477	0	0	1,501,477	1,723,969	1,752,864	251,387
Director of Schools	466,267	(650)	0	465,617	519,590	518,655	53,038
Office of the Principal	5,860,356	0	0	5,860,356	6,169,236	6,169,236	308,880
Fiscal Services	370,752	0	0	370,752	449,338	449,338	78,586
Human Services/Personnel	338,212	(640)	75	337,647	340,875	340,875	3,228
Operation of Plant	6,341,793	0	0	6,341,793	6,616,912	6,616,912	275,119
Maintenance of Plant	3,138,147	(69)	5,479	3,143,557	3,475,763	3,475,763	332,206
Transportation	4,824,914	0	0	4,824,914	5,035,483	5,035,483	210,569

(Continued)

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 13,577	\$ 0	\$ 0	\$ 13,577	\$ 30,798	\$ 30,798	\$ 17,221
Early Childhood Education	631,965	0	0	631,965	618,707	708,761	76,796
<u>Capital Outlay</u>							
Regular Capital Outlay	232,820	0	0	232,820	40,000	232,820	0
<u>Interest on Debt</u>							
Education	7,698	0	0	7,698	30,000	30,000	22,302
<u>Other Debt Service</u>							
Education	2,554,046	0	0	2,554,046	0	2,563,522	9,476
Total Expenditures	\$ 81,677,438	\$ (17,787)	\$ 9,992	\$ 81,669,643	\$ 82,238,211	\$ 86,200,410	\$ 4,530,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,637,772	\$ 17,787	\$ (9,992)	\$ 1,645,567	\$ (315,584)	\$ (3,105,988)	\$ 4,751,555
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 618,311	\$ 0	\$ 0	\$ 618,311	\$ 610,000	\$ 610,000	\$ 8,311
Transfers Out	0	0	0	0	(2,543,254)	0	0
Total Other Financing Sources	\$ 618,311	\$ 0	\$ 0	\$ 618,311	\$ (1,933,254)	\$ 610,000	\$ 8,311
Net Change in Fund Balance	\$ 2,256,083	\$ 17,787	\$ (9,992)	\$ 2,263,878	\$ (2,248,838)	\$ (2,495,988)	\$ 4,759,866
Fund Balance, July 1, 2016	10,388,367	(17,787)	0	10,370,580	5,319,135	5,319,135	5,051,445
Fund Balance, June 30, 2017	\$ 12,644,450	\$ 0	\$ (9,992)	\$ 12,634,458	\$ 3,070,297	\$ 2,823,147	\$ 9,811,311

Exhibit K-9

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Special Purpose Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,735,790	\$ 0	\$ 0	\$ 1,735,790	\$ 1,688,763	\$ 1,688,763	\$ 47,027
Total Revenues	\$ 1,735,790	\$ 0	\$ 0	\$ 1,735,790	\$ 1,688,763	\$ 1,688,763	\$ 47,027
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 34,686	\$ 0	\$ 0	\$ 34,686	\$ 35,000	\$ 35,000	\$ 314
<u>Capital Outlay</u>							
Regular Capital Outlay	408,325	(26,246)	190,572	572,651	1,367,888	1,367,888	795,237
Total Expenditures	\$ 443,011	\$ (26,246)	\$ 190,572	\$ 607,337	\$ 1,402,888	\$ 1,402,888	\$ 795,551
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,292,779	\$ 26,246	\$ (190,572)	\$ 1,128,453	\$ 285,875	\$ 285,875	\$ 842,578
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (562,000)	\$ 0	\$ 0	\$ (562,000)	\$ (562,000)	\$ (562,000)	\$ 0
Total Other Financing Sources	\$ (562,000)	\$ 0	\$ 0	\$ (562,000)	\$ (562,000)	\$ (562,000)	\$ 0
Net Change in Fund Balance	\$ 730,779	\$ 26,246	\$ (190,572)	\$ 566,453	\$ (276,125)	\$ (276,125)	\$ 842,578
Fund Balance, July 1, 2016	1,199,571	(26,246)	0	1,173,325	276,125	276,125	897,200
Fund Balance, June 30, 2017	\$ 1,930,350	\$ 0	\$ (190,572)	\$ 1,739,778	\$ 0	\$ 0	\$ 1,739,778

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
School Federal Projects Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 6,152,189	\$ 0	\$ 0	\$ 6,152,189	\$ 6,399,129	\$ 7,550,232	\$ (1,398,043)
Total Revenues	\$ 6,152,189	\$ 0	\$ 0	\$ 6,152,189	\$ 6,399,129	\$ 7,550,232	\$ (1,398,043)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,536,101	\$ (2,843)	\$ 1,363	\$ 2,534,621	\$ 2,469,309	\$ 2,811,199	\$ 276,578
Special Education Program	2,265,015	0	0	2,265,015	2,290,169	2,703,831	438,816
Career and Technical Education Program	148,078	0	3,906	151,984	151,985	151,985	1
<u>Support Services</u>							
Other Student Support	227,313	(390)	0	226,923	289,909	303,154	76,231
Regular Instruction Program	532,375	0	0	532,375	730,359	1,045,158	512,783
Special Education Program	377,804	0	0	377,804	388,308	443,743	65,939
Transportation	7,159	0	0	7,159	20,740	27,040	19,881
Total Expenditures	\$ 6,093,845	\$ (3,233)	\$ 5,269	\$ 6,095,881	\$ 6,340,779	\$ 7,486,110	\$ 1,390,229
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,344	\$ 3,233	\$ (5,269)	\$ 56,308	\$ 58,350	\$ 64,122	\$ (7,814)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (56,311)	\$ 0	\$ 0	\$ (56,311)	\$ (58,350)	\$ (64,122)	\$ 7,811
Total Other Financing Sources	\$ (56,311)	\$ 0	\$ 0	\$ (56,311)	\$ (58,350)	\$ (64,122)	\$ 7,811
Net Change in Fund Balance	\$ 2,033	\$ 3,233	\$ (5,269)	\$ (3)	\$ 0	\$ 0	\$ (3)
Fund Balance, July 1, 2016	203,235	(3,233)	0	200,002	0	0	200,002
Fund Balance, June 30, 2017	\$ 205,268	\$ 0	\$ (5,269)	\$ 199,999	\$ 0	\$ 0	\$ 199,999

Exhibit K-11

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,009,179	\$ 0	\$ 1,009,179	\$ 1,151,980	\$ 1,151,980	\$ (142,801)
Other Local Revenues	186,505	0	186,505	1,300	1,300	185,205
State of Tennessee	40,925	0	40,925	53,422	53,422	(12,497)
Federal Government	3,723,166	0	3,723,166	3,485,885	3,512,512	210,654
Other Governments and Citizens Groups	2,823	0	2,823	3,500	3,500	(677)
Total Revenues	<u>\$ 4,962,598</u>	<u>\$ 0</u>	<u>\$ 4,962,598</u>	<u>\$ 4,696,087</u>	<u>\$ 4,722,714</u>	<u>\$ 239,884</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 4,447,893	\$ (2,077)	\$ 4,445,816	\$ 4,619,887	\$ 4,646,514	\$ 200,698
Total Expenditures	<u>\$ 4,447,893</u>	<u>\$ (2,077)</u>	<u>\$ 4,445,816</u>	<u>\$ 4,619,887</u>	<u>\$ 4,646,514</u>	<u>\$ 200,698</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 514,705</u>	<u>\$ 2,077</u>	<u>\$ 516,782</u>	<u>\$ 76,200</u>	<u>\$ 76,200</u>	<u>\$ 440,582</u>
Net Change in Fund Balance	\$ 514,705	\$ 2,077	\$ 516,782	\$ 76,200	\$ 76,200	\$ 440,582
Fund Balance, July 1, 2016	<u>722,241</u>	<u>(2,077)</u>	<u>720,164</u>	<u>0</u>	<u>0</u>	<u>720,164</u>
Fund Balance, June 30, 2017	<u>\$ 1,236,946</u>	<u>\$ 0</u>	<u>\$ 1,236,946</u>	<u>\$ 76,200</u>	<u>\$ 76,200</u>	<u>\$ 1,160,746</u>

Exhibit K-12

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 51,758	\$ 0	\$ 51,758	\$ 200,000	\$ 200,000	\$ (148,242)
State of Tennessee	0	0	0	40,000	40,000	(40,000)
Federal Government	1,473	0	1,473	0	0	1,473
Total Revenues	<u>\$ 53,231</u>	<u>\$ 0</u>	<u>\$ 53,231</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (186,769)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Early Childhood Education	\$ 51,247	\$ 9,575	\$ 60,822	\$ 235,896	\$ 235,896	\$ 175,074
Total Expenditures	<u>\$ 51,247</u>	<u>\$ 9,575</u>	<u>\$ 60,822</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 175,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,984</u>	<u>\$ (9,575)</u>	<u>\$ (7,591)</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ (11,695)</u>
Net Change in Fund Balance	\$ 1,984	\$ (9,575)	\$ (7,591)	\$ 4,104	\$ 4,104	\$ (11,695)
Fund Balance, July 1, 2016	<u>49,499</u>	<u>0</u>	<u>49,499</u>	<u>0</u>	<u>0</u>	<u>49,499</u>
Fund Balance, June 30, 2017	<u><u>\$ 51,483</u></u>	<u><u>\$ (9,575)</u></u>	<u><u>\$ 41,908</u></u>	<u><u>\$ 4,104</u></u>	<u><u>\$ 4,104</u></u>	<u><u>\$ 37,804</u></u>

Exhibit K-13

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
June 30, 2017

	Private- Purpose Trust Fund
	Endowment Fund
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 123,551
Total Assets	\$ 123,551
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,556
Total Liabilities	\$ 2,556
<u>FUND BALANCES</u>	
Restricted:	
Restricted for Education	\$ 120,995
Total Fund Balances	\$ 120,995
Total Liabilities and Fund Balances	\$ 123,551

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2017

	Private- Purpose Trust Fund
	Endowment Fund
<u>ADDITIONS</u>	
Investment Income	\$ 923
Total Additions	\$ 923
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 6,390
Total Deductions	\$ 6,390
Change in Net Position	\$ (5,467)
Net Position, July 1, 2016	126,462
Net Position, June 30, 2017	\$ 120,995

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds

For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Matured During Period	Outstanding 6-30-17
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 1,995,000	4.5 to 5.05 %	6-1-05	4-1-17	\$ 300,000	\$ 0	\$ 300,000	\$ 0
School Roof	1,500,000	2.65	10-12-15	10-16-23	1,218,988	0	138,423	1,080,565
Total Notes Payable					<u>\$ 1,518,988</u>	<u>\$ 0</u>	<u>\$ 438,423</u>	<u>\$ 1,080,565</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds, Series 2009 (1)	15,480,000	1.515	12-17-09	7-1-26	\$ 9,845,421	\$ 0	\$ 965,928	\$ 8,879,493
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0	10-7-10	8-1-27	3,543,022	0	316,547	3,226,475
Energy Efficient Schools Initiative	5,054,635	0	5-16-11	4-16-20	4,038,757	0	411,720	3,627,037
Total Other Loans Payable					<u>\$ 17,427,200</u>	<u>\$ 0</u>	<u>\$ 1,694,195</u>	<u>\$ 15,733,005</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Circuit Computers	71,703	6	5-6-13	3-6-17	\$ 14,639	\$ 0	\$ 14,639	\$ 0
Clerk and Master Computers	20,679	6	1-15-14	11-15-17	7,819	0	5,450	2,369
Circuit Computer Upgrades	54,645	6	4-1-15	3-1-19	36,857	0	14,085	22,772
Patrol Cars	1,260,505	2.25	5-7-15	5-31-18	630,097	0	311,543	318,554
Jail Camera System	459,900	3.25	12-29-15	1-20-20	361,944	0	86,192	275,752
Circuit Computers 2017	58,677	6	4-17-17	3-17-21	0	58,677	4,585	54,092
Sheriff Vehicles	208,036	3.4	5-18-17	5-18-20	0	208,036	54,645	153,391
Total Payable through General Fund					<u>\$ 1,051,356</u>	<u>\$ 266,713</u>	<u>\$ 491,139</u>	<u>\$ 826,930</u>
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	295,080	2.55	9-20-13	9-20-17	\$ 119,461	\$ 0	\$ 58,978	\$ 60,483
Total Payable through Highway/Public Works Fund					<u>\$ 119,461</u>	<u>\$ 0</u>	<u>\$ 58,978</u>	<u>\$ 60,483</u>
<u>Contributed by the School Department through the General Purpose School Fund</u>								
Copy Machines 2012	88,602	8.95	5-30-12	5-30-17	\$ 19,333	\$ 0	\$ 19,333	\$ 0
Total Contributed by the School Department through the General Purpose School Fund					<u>\$ 19,333</u>	<u>\$ 0</u>	<u>\$ 19,333</u>	<u>\$ 0</u>
Total Capital Leases Payable					<u>\$ 1,190,150</u>	<u>\$ 266,713</u>	<u>\$ 569,450</u>	<u>\$ 887,413</u>

(Continued)

Exhibit L-1

Sullivan County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Matured During Period	Outstanding 6-30-17
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Series 2007	\$ 6,500,000	5.9 to 6.25 %	6-21-07	4-1-17	\$ 100,000	\$ 0	\$ 100,000	\$ 0
General Obligation Refunding Bonds, Series 2015A	24,870,000	2 to 5	3-30-15	4-1-26	24,305,000	0	1,965,000	22,340,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2 to 3.35	3-30-15	4-1-28	6,155,000	0	110,000	6,045,000
General Obligation Bonds, Series 2017	135,740,000	3 to 5	3-30-17	5-1-47	0	135,740,000	0	135,740,000
Total Payable through General Debt Service Fund					<u>\$ 30,560,000</u>	<u>\$ 135,740,000</u>	<u>\$ 2,175,000</u>	<u>\$ 164,125,000</u>
<u>Payable through Education Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015B	6,965,000	2 to 4	3-30-15	5-1-19	\$ 5,305,000	\$ 0	\$ 1,700,000	\$ 3,605,000
Total Payable through Education Debt Service Fund					<u>\$ 5,305,000</u>	<u>\$ 0</u>	<u>\$ 1,700,000</u>	<u>\$ 3,605,000</u>
Total Bonds Payable					<u>\$ 35,865,000</u>	<u>\$ 135,740,000</u>	<u>\$ 3,875,000</u>	<u>\$ 167,730,000</u>

(1) Interest rate is offset by a federal rate subsidy.

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 143,980	\$ 26,778	\$ 170,758
2019	147,841	22,913	170,754
2020	151,805	18,944	170,749
2021	155,876	14,869	170,745
2022	160,056	10,684	170,740
2023	164,348	6,387	170,735
2024	156,659	2,076	158,735
Total	<u>\$ 1,080,565</u>	<u>\$ 102,651</u>	<u>\$ 1,183,216</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 1,697,291	\$ 506,237	\$ 19,538	\$ 2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020	1,703,555	499,973	19,538	2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023	1,713,131	490,397	19,539	2,223,067
2024	1,716,371	487,157	19,538	2,223,066
2025	1,719,635	483,893	19,539	2,223,067
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	<u>\$ 15,733,005</u>	<u>\$ 4,731,827</u>	<u>\$ 184,788</u>	<u>\$ 20,649,620</u>

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2018	\$ 549,099	\$ 26,818	\$ 575,917
2019	166,016	11,754	177,770
2020	163,859	1,036	164,895
2021	8,439	148	8,587
Total	<u>\$ 887,413</u>	<u>\$ 39,756</u>	<u>\$ 927,169</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 4,570,000	\$ 7,278,239	\$ 11,848,239
2019	7,245,000	6,616,644	13,861,644
2020	5,700,000	6,287,794	11,987,794
2021	6,020,000	6,018,244	12,038,244
2022	6,390,000	5,437,119	11,827,119
2023	6,730,000	5,426,354	12,156,354
2024	7,110,000	5,102,934	12,212,934
2025	5,390,000	4,759,809	10,149,809
2026	5,080,000	4,502,349	9,582,349
2027	4,230,000	4,280,849	8,510,849
2028	4,340,000	4,152,748	8,492,748
2029	3,885,000	3,983,081	7,868,081
2030	4,040,000	3,827,681	7,867,681
2031	4,165,000	3,706,481	7,871,481
2032	4,330,000	3,539,881	7,869,881
2033	4,505,000	3,366,681	7,871,681
2034	4,685,000	3,186,481	7,871,481
2035	4,835,000	3,034,219	7,869,219
2036	4,995,000	2,877,081	7,872,081
2037	5,160,000	2,708,500	7,868,500
2038	5,370,000	2,502,100	7,872,100
2039	5,585,000	2,287,300	7,872,300
2040	5,805,000	2,063,900	7,868,900
2041	6,040,000	1,831,700	7,871,700
2042	6,280,000	1,590,100	7,870,100
2043	6,530,000	1,338,900	7,868,900
2044	6,770,000	1,102,188	7,872,188
2045	7,040,000	831,387	7,871,387

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2046	\$ 7,320,000	\$ 549,788	\$ 7,869,788
2047	7,585,000	284,437	7,869,437
Total	<u>\$ 167,730,000</u>	<u>\$ 104,474,969</u>	<u>\$ 272,204,969</u>

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Tax credit rebate	\$ 229,092
"	Self-Insurance	Operations	1,089,776
Sports and Recreation	General	To consolidate operations with	273,865
		General Fund	
Employee Insurance - Health	"	To close fund	<u>44,963</u>
Total Transfers Primary Government			<u>\$ 1,637,696</u>
<u>DISCRETELY PRESENTED SULLIVAN</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 56,311
Special Purpose	"	Debt retirement	<u>562,000</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 618,311</u>

Exhibit L-4

Sullivan County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 119,167 (1)	\$ 100,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	106,064	100,000	"
Director of Schools	State Board of Education and County Board of Education	133,600 (2)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	90,208	5,200,598	"
Assessor of Property				
Ronald Hillman (7-1-16 through 6-5-17)	Section 8-24-102, <i>TCA</i>	83,374	50,000	"
Robert White (6-26-17 through 6-30-17)	Section 8-24-102, <i>TCA</i>	0 (3)	0	None
Director of Accounts and Budgets	County Commission	90,208	100,000	Cincinnati Insurance Company
Purchasing Agent	Section 261, Private Acts of 1947, as amended	63,534	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	90,208	100,000	"
Circuit, General Sessions, and Law Courts Clerk				
Clerk and Master	Section 8-24-102, <i>TCA</i>	90,208	100,000	"
	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	90,208 (4)	150,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	90,208	100,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	106,664 (5)	100,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)			250,000	Princeton Excess and Surplus Lines Insurance Company

(1) Includes a vehicle allowance of \$7,800.

(2) Includes a vehicle allowance of \$7,800 and a career ladder supplement of \$1,000.

(3) Official resigned on 6-30-17 after the initial appointment without a formalized bond and no salary was accepted.

(4) Does not include special commissioner fees of \$12,750.

(5) Includes a \$6,835 supplement as workhouse superintendent and a \$600 law enforcement training supplement.

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2017

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 27,362,861	\$ 709,269	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	545,834	14,150	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	252,862	7,645	0	0	0	0
Interest and Penalty	233,281	6,613	0	0	0	0
Pickup Taxes	804,952	20,869	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	727,640	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	870,403	0	0	0	0	0
Litigation Tax - General	288,151	0	0	0	0	0
Litigation Tax - Special Purpose	2,952	0	0	0	0	0
Litigation Tax - Office of Public Defender	148,362	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	394,688	0	0	0	0	0
Business Tax	2,392,744	0	0	0	0	0
Mixed Drink Tax	12,729	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	51,778	1,342	0	0	0	0
Wholesale Beer Tax	50,553	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 34,145,695	\$ 759,888	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 372,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,425	0	0	0	0	0
Building Permits	84,015	0	0	0	0	0
Total Licenses and Permits	<u>\$ 458,274</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 21,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	64,275	0	0	0	0	0
Jail Fees	70,775	0	0	0	0	0
Data Entry Fee - Circuit Court	58,042	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	30,564	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	88,598	0	0	0	0	0
Fines for Littering	303	0	0	0	0	0
Officers Costs	141,325	0	0	0	0	0
Game and Fish Fines	785	0	0	0	0	0
Drug Control Fines	0	0	0	8,575	0	0
Drug Court Fees	0	0	0	26,435	0	0
Victims Assistance Assessments	76,933	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,207	0	0	0	0	0

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 5,735	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Chancery Court	18,260	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	32,558	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	10,765	0	0
Other Fines, Forfeitures, and Penalties	22,453	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 601,094	\$ 0	\$ 0	\$ 78,333	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 325,352	\$ 0	\$ 0	\$ 0	0
Patient Charges	356,409	0	5,927,910	0	0	0
Zoning Studies	5,290	0	0	0	0	0
Work Release Charges for Board	7,535	0	0	0	0	0
Health Department Collections	540,055	0	0	0	0	0
Service Charges	92,855	0	0	0	0	0
Backflow Charges	648	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	341,275	0
Copy Fees	11,905	0	0	0	0	0
Library Fees	12,480	0	0	0	0	0
Greenbelt Late Application Fee	450	0	0	0	0	0
Telephone Commissions	145,012	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	5,049

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Special Commissioner Fees/Special Master Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,750
Data Processing Fee - Register	45,839	0	0	0	0	0
Data Processing Fee - Sheriff	2,112	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	12,750	0	0	0	0	0
Data Processing Fee - County Clerk	17,640	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	984	0	0	0	0	0
Total Charges for Current Services	\$ 1,251,964	\$ 325,352	\$ 5,927,910	\$ 0	\$ 341,275	\$ 17,799
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 75,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	55,291	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	23,832	0	0	0	0	0
Sale of Maps	92	0	0	0	0	0
Sale of Recycled Materials	702	305,172	0	0	0	0
Miscellaneous Refunds	19,717	394	1,492	220	0	0
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	9,996	589	0	0	0	0
Sale of Property	23,107	0	0	0	0	0
Damages Recovered from Individuals	1,424	0	0	0	0	0
Contributions and Gifts	12,976	0	0	0	0	0

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 223,903	\$ 306,155	\$ 1,492	\$ 220	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 1,602,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	451,270	0	0	0	0	0
General Sessions Court Clerk	972,903	0	0	0	0	0
Clerk and Master	606,788	0	0	0	0	0
Register	668,356	0	0	0	0	0
Sheriff	2,257	0	0	0	0	0
Trustee	2,598,463	0	0	0	0	0
Total Fees Received From County Officials	\$ 6,902,068	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 68,573	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	69,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	586,467	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	54,000	16,537	0	0	0	0
Other Public Works Grants	578,132	0	0	0	0	0

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds						Constitu - tional Officers -
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Fees	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$ 409,213	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Beer Tax	18,415	0	0	0	0	0	
Vehicle Certificate of Title Fees	25,911	0	0	0	0	0	
Alcoholic Beverage Tax	229,557	0	0	0	0	0	
Emergency Hospital - Prisoners	31,548	0	0	0	0	0	
Prisoner Transportation	16,596	0	0	0	0	0	
Contracted Prisoner Boarding	1,595,329	0	0	0	0	0	
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	
Petroleum Special Tax	0	0	0	0	0	0	
Registrar's Salary Supplement	15,164	0	0	0	0	0	
Other State Grants	639,111	0	0	0	0	0	
Other State Revenues	3,171,702	313,743	0	0	0	0	
Total State of Tennessee	\$ 7,508,718	\$ 330,280	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 62,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Homeland Security Grants	121,541	0	0	0	0	0	
Other Federal through State	2,153,769	0	0	0	0	0	
<u>Direct Federal Revenue</u>							
Forest Service	61,090	0	0	0	0	0	
Asset Forfeiture Funds	0	0	0	4,451	0	0	
Tax Credit Bond Rebate	229,092	0	0	0	0	0	
Other Direct Federal Revenue	288,077	0	0	0	0	0	
Total Federal Government	\$ 2,916,069	\$ 0	\$ 0	\$ 4,451	\$ 0	\$ 0	

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	18,000	0	0	0	0	0
Contracted Services	580,137	93,669	0	0	0	0
<u>Citizens Groups</u>						
Donations	5,000	0	26,150	0	0	0
<u>Other</u>						
Other	7,635	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 610,772</u>	<u>\$ 93,669</u>	<u>\$ 26,150</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 54,618,557</u>	<u>\$ 1,815,344</u>	<u>\$ 5,955,552</u>	<u>\$ 83,004</u>	<u>\$ 341,275</u>	<u>\$ 17,799</u>

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,790,897	\$ 4,883,197	\$ 0	\$ 35,746,224
Trustee's Collections - Prior Year	55,679	97,421	0	713,084
Circuit Clerk/Clerk and Master Collections - Prior Years	30,083	41,169	0	331,759
Interest and Penalty	26,012	39,586	0	305,492
Pickup Taxes	82,118	143,663	0	1,051,602
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	5,905
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	727,640
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,500,000	0	0	3,370,403
Litigation Tax - General	0	0	0	288,151
Litigation Tax - Special Purpose	0	0	0	2,952
Litigation Tax - Office of Public Defender	0	0	0	148,362
Litigation Tax - Jail, Workhouse, or Courthouse	0	139,422	0	139,422
Litigation Tax - Courthouse Security	0	0	0	394,688
Business Tax	0	0	0	2,392,744
Mixed Drink Tax	0	0	0	12,729
Mineral Severance Tax	124,820	0	0	124,820
<u>Statutory Local Taxes</u>				
Bank Excise Tax	5,282	9,242	0	67,644
Wholesale Beer Tax	325,000	0	0	375,553
Interstate Telecommunications Tax	9,845	0	0	9,845
Total Local Taxes	\$ 5,949,736	\$ 5,353,700	\$ 0	\$ 46,209,019

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 250,000	\$ 0	\$ 0	\$ 622,834
<u>Permits</u>				
Beer Permits	0	0	0	1,425
Building Permits	0	0	0	84,015
Total Licenses and Permits	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 708,274</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 21,839
Officers Costs	0	0	0	64,275
Jail Fees	0	0	0	70,775
Data Entry Fee - Circuit Court	0	0	0	58,042
<u>Criminal Court</u>				
DUI Treatment Fines	0	0	0	30,564
<u>General Sessions Court</u>				
Fines	0	0	0	88,598
Fines for Littering	0	0	0	303
Officers Costs	0	0	0	141,325
Game and Fish Fines	0	0	0	785
Drug Control Fines	0	0	0	8,575
Drug Court Fees	0	0	0	26,435
Victims Assistance Assessments	0	0	0	76,933
<u>Juvenile Court</u>				
Fines	0	0	0	1,207

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Chancery Court</u>				
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 5,735
Data Entry Fee - Chancery Court	0	0	0	18,260
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	0	0	0	32,558
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	10,765
Other Fines, Forfeitures, and Penalties	0	0	0	22,453
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 679,427
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 325,352
Patient Charges	0	0	0	6,284,319
Zoning Studies	0	0	0	5,290
Work Release Charges for Board	0	0	0	7,535
Health Department Collections	0	0	0	540,055
Service Charges	0	0	0	92,855
Backflow Charges	0	0	0	648
<u>Fees</u>				
Recreation Fees	0	0	0	341,275
Copy Fees	0	0	0	11,905
Library Fees	0	0	0	12,480
Greenbelt Late Application Fee	0	0	0	450
Telephone Commissions	0	0	0	145,012
Constitutional Officers' Fees and Commissions	0	0	0	5,049

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Special Commissioner Fees/Special Master Fees	\$ 0	\$ 0	\$ 0	\$ 12,750
Data Processing Fee - Register	0	0	0	45,839
Data Processing Fee - Sheriff	0	0	0	2,112
Sexual Offender Registration Fee - Sheriff	0	0	0	12,750
Data Processing Fee - County Clerk	0	0	0	17,640
<u>Education Charges</u>				
Other Charges for Services	0	0	0	984
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 7,864,300
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 63,000	\$ 225,825	\$ 0	\$ 364,791
Lease/Rentals	0	0	0	55,291
Sale of Materials and Supplies	1,201	0	0	1,201
Commissary Sales	0	0	0	23,832
Sale of Maps	0	0	0	92
Sale of Recycled Materials	1,207	0	0	307,081
Miscellaneous Refunds	9,744	0	0	31,567
<u>Nonrecurring Items</u>				
Revenue from Joint Ventures	0	79,591	0	79,591
Sale of Equipment	0	0	0	10,585
Sale of Property	0	0	0	23,107
Damages Recovered from Individuals	2,230	0	0	3,654
Contributions and Gifts	0	0	0	12,976

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<hr/>				
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 800
Total Other Local Revenues	\$ 77,382	\$ 305,416	\$ 0	\$ 914,568
<hr/>				
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 1,602,031
Circuit Court Clerk	0	0	0	451,270
General Sessions Court Clerk	0	0	0	972,903
Clerk and Master	0	0	0	606,788
Register	0	0	0	668,356
Sheriff	0	0	0	2,257
Trustee	0	0	0	2,598,463
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 6,902,068
<hr/>				
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 68,573
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	69,000
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	586,467
<u>Public Works Grants</u>				
State Aid Program	511,755	0	0	511,755
Litter Program	0	0	0	70,537
Other Public Works Grants	0	0	0	578,132

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Income Tax	\$ 0	\$ 0	\$ 0	\$ 409,213
Beer Tax	0	0	0	18,415
Vehicle Certificate of Title Fees	0	0	0	25,911
Alcoholic Beverage Tax	0	0	0	229,557
Emergency Hospital - Prisoners	0	0	0	31,548
Prisoner Transportation	0	0	0	16,596
Contracted Prisoner Boarding	0	0	0	1,595,329
Gasoline and Motor Fuel Tax	2,807,150	0	0	2,807,150
Petroleum Special Tax	113,155	0	0	113,155
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	639,111
Other State Revenues	0	0	0	3,485,445
Total State of Tennessee	\$ 3,432,060	\$ 0	\$ 0	\$ 11,271,058
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 62,500
Homeland Security Grants	0	0	0	121,541
Other Federal through State	0	0	0	2,153,769
<u>Direct Federal Revenue</u>				
Forest Service	9,445	0	0	70,535
Asset Forfeiture Funds	0	0	0	4,451
Tax Credit Bond Rebate	0	0	0	229,092
Other Direct Federal Revenue	0	0	0	288,077
Total Federal Government	\$ 9,445	\$ 0	\$ 0	\$ 2,929,965

(Continued)

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	Total
<hr/>				
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance	\$ 37,878	\$ 0	\$ 0	\$ 37,878
Contributions	0	631,622	1,922,424	2,572,046
Contracted Services	39,107	0	0	712,913
<u>Citizens Groups</u>				
Donations	0	0	0	31,150
<u>Other</u>				
Other	0	0	0	7,635
Total Other Governments and Citizens Groups	<u>\$ 76,985</u>	<u>\$ 631,622</u>	<u>\$ 1,922,424</u>	<u>\$ 3,361,622</u>
Total	<u>\$ 9,795,608</u>	<u>\$ 6,290,738</u>	<u>\$ 1,922,424</u>	<u>\$ 80,840,301</u>

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

	Special Revenue Funds				
	General Purpose School	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 24,702,508	\$ 1,623,829	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	493,999	32,475	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	254,810	14,868	0	0	0
Interest and Penalty	222,558	13,687	0	0	0
Pickup Taxes	727,048	47,779	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	12,963,208	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	48,325	3,152	0	0	0
Interstate Telecommunications Tax	4,891	0	0	0	0
Total Local Taxes	<u>\$ 39,417,347</u>	<u>\$ 1,735,790</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,355	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	<u>\$ 5,355</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,758
Lunch Payments - Children	0	0	0	500,629	0
Income from Breakfast	0	0	0	59,109	0
A la Carte Sales	0	0	0	443,609	0
Receipts from Individual Schools	14,097	0	0	2,790	0

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
TBI Criminal Background Fee	\$ 1,928	\$ 0	\$ 0	\$ 0	\$ 0
Other Charges for Services	300,000	0	0	3,042	0
Total Charges for Current Services	<u>\$ 316,025</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,009,179</u>	<u>\$ 51,758</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 679	\$ 0
Sale of Materials and Supplies	172	0	0	0	0
Sale of Recycled Materials	2,460	0	0	0	0
E-Rate Funding	85,872	0	0	0	0
Retirees' Insurance Payments	66	0	0	0	0
Commodity Rebates	0	0	0	185,826	0
Miscellaneous Refunds	22,865	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	3,843	0	0	0	0
Damages Recovered from Individuals	8,353	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	463	0	0	0	0
Total Other Local Revenues	<u>\$ 124,094</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 186,505</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 1,081,741	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 39,035,000	\$ 0	\$ 0	\$ 0	\$ 0
Early Childhood Education	553,747	0	0	0	0
School Food Service	0	0	0	40,925	0
Other State Education Funds	527,717	0	0	0	0
Career Ladder Program	230,495	0	0	0	0
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	1,775,264	0	0	0	0
Total State of Tennessee	<u>\$ 43,203,964</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,925</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 0	\$ 2,441,362	\$ 0
USDA - Commodities	0	0	0	370,976	0
Breakfast	0	0	0	837,797	0
USDA - Other	0	0	0	9,826	0
Vocational Education - Basic Grants to States	0	0	186,385	0	0
Title I Grants to Local Education Agencies	0	0	2,843,795	0	0
Special Education - Grants to States	75,567	0	2,579,703	0	0
Special Education Preschool Grants	0	0	93,314	0	0
Education for Homeless Children and Youth	0	0	44,973	0	0
Eisenhower Professional Development State Grants	0	0	356,720	0	0
Other Federal through State	0	0	47,299	0	1,473
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	171,658	0	0	0	0

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue (Cont.)</u>					
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 0	\$ 63,205	\$ 0
Total Federal Government	\$ 247,225	\$ 0	\$ 6,152,189	\$ 3,723,166	\$ 1,473
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	1,200	0	0	2,823	0
Total Other Governments and Citizens Groups	\$ 1,200	\$ 0	\$ 0	\$ 2,823	\$ 0
Total	\$ 83,315,210	\$ 1,735,790	\$ 6,152,189	\$ 4,962,598	\$ 53,231

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Capital Projects Fund Education Capital Projects	Total
<hr/>		
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 26,326,337
Trustee's Collections - Prior Year	0	526,474
Circuit Clerk/Clerk and Master Collections - Prior Years	0	269,678
Interest and Penalty	0	236,245
Pickup Taxes	0	774,827
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	12,963,208
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	51,477
Interstate Telecommunications Tax	0	4,891
Total Local Taxes	<u>\$ 0</u>	<u>\$ 41,153,137</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 5,355
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 5,355</u>
<u>Charges for Current Services</u>		
<u>Education Charges</u>		
Tuition - Other	\$ 0	\$ 51,758
Lunch Payments - Children	0	500,629
Income from Breakfast	0	59,109
A la Carte Sales	0	443,609
Receipts from Individual Schools	0	16,887

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Capital Projects Fund Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges (Cont.)</u>		
TBI Criminal Background Fee	\$ 0	\$ 1,928
Other Charges for Services	0	303,042
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,376,962</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 679
Sale of Materials and Supplies	0	172
Sale of Recycled Materials	0	2,460
E-Rate Funding	0	85,872
Retirees' Insurance Payments	0	66
Commodity Rebates	0	185,826
Miscellaneous Refunds	0	22,865
<u>Nonrecurring Items</u>		
Sale of Equipment	0	3,843
Damages Recovered from Individuals	0	8,353
<u>Other Local Revenues</u>		
Other Local Revenues	0	463
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 310,599</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
On-behalf Contributions for OPEB	\$ 0	\$ 1,081,741

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Capital		
	<u>Projects Fund</u>		
	Education		
	Capital		
	Projects		Total
<hr/>			
<u>State of Tennessee (Cont.)</u>			
<u>State Education Funds</u>			
Basic Education Program	\$	0	\$ 39,035,000
Early Childhood Education		0	553,747
School Food Service		0	40,925
Other State Education Funds		0	527,717
Career Ladder Program		0	230,495
<u>Other State Revenues</u>			
State Revenue Sharing - T.V.A.		0	1,775,264
Total State of Tennessee	\$	0	\$ 43,244,889
<hr/>			
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$	0	\$ 2,441,362
USDA - Commodities		0	370,976
Breakfast		0	837,797
USDA - Other		0	9,826
Vocational Education - Basic Grants to States		0	186,385
Title I Grants to Local Education Agencies		0	2,843,795
Special Education - Grants to States		0	2,655,270
Special Education Preschool Grants		0	93,314
Education for Homeless Children and Youth		0	44,973
Eisenhower Professional Development State Grants		0	356,720
Other Federal through State		0	48,772
<u>Direct Federal Revenue</u>			
ROTC Reimbursement		0	171,658

(Continued)

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Capital Projects Fund Education Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue (Cont.)</u>		
Other Direct Federal Revenue	\$ 0	\$ 63,205
Total Federal Government	<u>\$ 0</u>	<u>\$ 10,124,053</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 67,190,889	\$ 67,190,889
<u>Citizens Groups</u>		
Donations	0	4,023
Total Other Governments and Citizens Groups	<u>\$ 67,190,889</u>	<u>\$ 67,194,912</u>
Total	<u>\$ 67,190,889</u>	<u>\$ 163,409,907</u>

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	187,060	
Social Security		11,598	
Employer Medicare		2,712	
Contracts with Government Agencies		65,444	
Contracts with Private Agencies		34,828	
Dues and Memberships		2,072	
Freight Expenses		76	
Legal Services		73,146	
Legal Notices, Recording, and Court Costs		2,792	
Maintenance and Repair Services - Office Equipment		2,156	
Postal Charges		526	
Printing, Stationery, and Forms		54	
Travel		11,078	
Tuition		2,425	
Other Contracted Services		168	
Data Processing Supplies		1,106	
Food Supplies		134	
Office Supplies		962	
Other Supplies and Materials		107	
Total County Commission			\$ 398,444

County Mayor/Executive

County Official/Administrative Officer	\$	119,167	
Secretary(ies)		40,100	
Social Security		9,725	
Pensions		23,522	
Life Insurance		100	
Dental Insurance		897	
Employer Medicare		2,293	
Communication		3,042	
Dues and Memberships		3,353	
Maintenance and Repair Services - Office Equipment		599	
Postal Charges		112	
Printing, Stationery, and Forms		128	
Travel		1,392	
Tuition		330	
Data Processing Supplies		1,104	
Office Supplies		2,246	
Periodicals		474	
Total County Mayor/Executive			208,584

County Attorney

County Official/Administrative Officer	\$	116,935
Secretary(ies)		31,878
Social Security		8,884
Pensions		23,128
Life Insurance		100

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Attorney (Cont.)

Medical Insurance	\$	13,799	
Dental Insurance		897	
Employer Medicare		2,078	
Communication		2,261	
Data Processing Services		1,192	
Dues and Memberships		1,595	
Legal Services		63	
Maintenance and Repair Services - Office Equipment		366	
Postal Charges		192	
Printing, Stationery, and Forms		121	
Travel		2,357	
Tuition		1,155	
Office Supplies		888	
Periodicals		6,266	
Total County Attorney			\$ 214,155

Election Commission

County Official/Administrative Officer	\$	90,208	
Clerical Personnel		133,789	
Temporary Personnel		149,034	
Election Commission		18,000	
Election Workers		70,435	
Social Security		23,900	
Pensions		34,641	
Life Insurance		250	
Medical Insurance		18,941	
Dental Insurance		2,017	
Employer Medicare		5,590	
Advertising		968	
Communication		12,366	
Data Processing Services		34,836	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,708	
Maintenance and Repair Services - Equipment		1,057	
Maintenance and Repair Services - Office Equipment		1,094	
Postal Charges		13,386	
Printing, Stationery, and Forms		895	
Rentals		400	
Travel		4,382	
Tuition		1,485	
Data Processing Supplies		4,761	
Food Supplies		1,074	
Office Supplies		4,345	
Data Processing Equipment		2,733	
Total Election Commission			633,470

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Register of Deeds

County Official/Administrative Officer	\$	90,208	
Clerical Personnel		157,807	
Social Security		14,811	
Pensions		38,138	
Life Insurance		250	
Medical Insurance		40,325	
Dental Insurance		1,568	
Employer Medicare		3,464	
Communication		4,458	
Data Processing Services		46,636	
Dues and Memberships		1,144	
Maintenance and Repair Services - Office Equipment		2,503	
Postal Charges		1,322	
Travel		2,446	
Tuition		175	
Data Processing Supplies		1,193	
Food Supplies		185	
Office Supplies		5,608	
Total Register of Deeds			\$ 412,241

Planning

Supervisor/Director	\$	55,718
Clerical Personnel		27,910
Other Salaries and Wages		128,763
Board and Committee Members Fees		2,350
Social Security		12,679
Pensions		32,757
Life Insurance		250
Medical Insurance		38,502
Dental Insurance		1,791
Employer Medicare		2,965
Communication		5,204
Data Processing Services		8,521
Dues and Memberships		1,934
Legal Notices, Recording, and Court Costs		1,352
Licenses		34
Maintenance and Repair Services - Office Equipment		9,389
Postal Charges		730
Printing, Stationery, and Forms		97
Travel		6,782
Tuition		1,263
Permits		3,460
Other Contracted Services		2,750
Data Processing Supplies		826
Food Supplies		166
Gasoline		3,249
Office Supplies		1,027

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Tires and Tubes	\$	561	
Vehicle Parts		559	
Other Supplies and Materials		800	
Refunds		50	
Total Planning			\$ 352,439

Geographical Information Systems

Contracts with Government Agencies	\$	20,013	
Other Contracted Services		30,825	
Data Processing Supplies		646	
Total Geographical Information Systems			51,484

County Buildings

Supervisor/Director	\$	48,825
Mechanic(s)		73,985
Clerical Personnel		36,656
Custodial Personnel		85,716
Maintenance Personnel		273,936
Social Security		30,823
Pensions		64,946
Employee and Dependent Insurance		431
Life Insurance		607
Medical Insurance		127,268
Dental Insurance		5,024
Unemployment Compensation		1,972
Employer Medicare		7,200
Bank Charges		25
Communication		8,861
Contracts with Government Agencies		85
Data Processing Services		1,500
Dues and Memberships		100
Engineering Services		33,675
Evaluation and Testing		350
Licenses		80
Maintenance Agreements		150
Maintenance and Repair Services - Buildings		1,752
Maintenance and Repair Services - Equipment		50,883
Maintenance and Repair Services - Office Equipment		76
Maintenance and Repair Services - Vehicles		1,000
Pest Control		870
Printing, Stationery, and Forms		527
Tuition		110
Disposal Fees		8,205
Permits		745
Other Contracted Services		824
Custodial Supplies		10,268
Data Processing Supplies		8,484

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Electricity	\$	302,007	
Equipment and Machinery Parts		3,965	
Food Supplies		134	
Garage Supplies		1,231	
Gasoline		4,684	
General Construction Materials		35,761	
Lubricants		119	
Natural Gas		8,431	
Office Supplies		3,961	
Salt		780	
Small Tools		2,836	
Tires and Tubes		1,863	
Uniforms		1,196	
Vehicle Parts		582	
Water and Sewer		15,834	
Wire		244	
Chemicals		11,790	
Other Supplies and Materials		5,356	
Building Improvements		90,300	
Data Processing Equipment		63,684	
Furniture and Fixtures		6,788	
Heating and Air Conditioning Equipment		49,903	
Maintenance Equipment		1,196	
Total County Buildings			\$ 1,498,604

Other Facilities

Contracts with Government Agencies	\$	182,286	
Total Other Facilities			182,286

Preservation of Records

Supervisor/Director	\$	41,478	
Part-time Personnel		13,233	
Social Security		3,338	
Pensions		6,407	
Life Insurance		50	
Medical Insurance		5,016	
Dental Insurance		448	
Employer Medicare		781	
Advertising		2,000	
Communication		3,743	
Data Processing Services		2,500	
Freight Expenses		31	
Maintenance and Repair Services - Office Equipment		888	
Postal Charges		295	
Rentals		80	
Travel		28	
Other Contracted Services		1,222	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Preservation of Records (Cont.)

Food Supplies	\$	1,051	
Office Supplies		5,356	
Other Charges		2,007	
Data Processing Equipment		1,667	
Total Preservation of Records			\$ 91,619

Risk Management

Supervisor/Director	\$	46,154	
Social Security		2,675	
Pensions		6,882	
Employee and Dependent Insurance		431	
Life Insurance		37	
Medical Insurance		6,728	
Dental Insurance		167	
Employer Medicare		626	
Communication		841	
Legal Notices, Recording, and Court Costs		100	
Postal Charges		31	
Disposal Fees		1,000	
Food Supplies		100	
Office Supplies		1,426	
Boiler Insurance		22,345	
Building and Contents Insurance		189,502	
Liability Insurance		324,729	
Premiums on Corporate Surety Bonds		4,418	
Vehicle and Equipment Insurance		6,019	
Workers' Compensation Insurance		87,961	
Total Risk Management			702,172

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	90,208	
Supervisor/Director		164,258	
Clerical Personnel		223,062	
Social Security		28,340	
Pensions		58,914	
Life Insurance		491	
Medical Insurance		51,628	
Dental Insurance		3,360	
Unemployment Compensation		4,125	
Employer Medicare		6,628	
Bank Charges		94	
Communication		9,793	
Dues and Memberships		315	
Licenses		434	
Maintenance and Repair Services - Office Equipment		2,094	
Postal Charges		8,161	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Printing, Stationery, and Forms	\$	509	
Tuition		895	
Disposal Fees		1,186	
Other Contracted Services		20,303	
Data Processing Supplies		4,929	
Food Supplies		377	
Office Supplies		5,500	
Total Accounting and Budgeting			\$ 685,604

Purchasing

County Official/Administrative Officer	\$	63,534
Assistant(s)		54,235
Purchasing Personnel		133,878
Equipment Operators		31,154
Clerical Personnel		48,866
Social Security		19,928
Pensions		49,737
Employee and Dependent Insurance		1,763
Life Insurance		420
Medical Insurance		71,042
Dental Insurance		2,366
Employer Medicare		4,661
Bank Charges		70
Communication		8,771
Dues and Memberships		1,200
Legal Notices, Recording, and Court Costs		2,611
Licenses		18
Maintenance and Repair Services - Equipment		15,000
Maintenance and Repair Services - Office Equipment		3,050
Maintenance and Repair Services - Vehicles		34
Postal Charges		2,403
Printing, Stationery, and Forms		5,838
Rentals		142
Travel		672
Tuition		2,350
Other Contracted Services		146
Custodial Supplies		221
Data Processing Supplies		9,787
Duplicating Supplies		263
Equipment and Machinery Parts		4,742
Food Supplies		485
Gasoline		1,288
General Construction Materials		3,719
Office Supplies		6,062
Periodicals		300
Propane Gas		79
Small Tools		482

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Purchasing (Cont.)

Uniforms	\$	649	
Vehicle Parts		395	
Other Supplies and Materials		99	
Furniture and Fixtures		2,796	
Motor Vehicles		21,204	
Total Purchasing			\$ 576,460

Property Assessor's Office

County Official/Administrative Officer	\$	83,374	
Assistant(s)		60,974	
Supervisor/Director		51,942	
Deputy(ies)		327,446	
Internal Audit Personnel		55,492	
Clerical Personnel		470,630	
Board and Committee Members Fees		210	
Social Security		62,470	
Pensions		162,165	
Employee and Dependent Insurance		431	
Life Insurance		1,298	
Medical Insurance		191,516	
Dental Insurance		8,057	
Unemployment Compensation		273	
Employer Medicare		14,610	
Audit Services		17,709	
Communication		17,307	
Contracts with Government Agencies		27,252	
Data Processing Services		34,473	
Dues and Memberships		3,050	
Legal Services		3,352	
Licenses		18	
Maintenance Agreements		600	
Maintenance and Repair Services - Buildings		672	
Maintenance and Repair Services - Office Equipment		6,517	
Maintenance and Repair Services - Vehicles		1,033	
Postal Charges		4,611	
Printing, Stationery, and Forms		410	
Travel		6,443	
Tuition		15	
Data Processing Supplies		465	
Food Supplies		872	
Gasoline		7,392	
Office Supplies		2,119	
Periodicals		207	
Tires and Tubes		1,415	
Vehicle Parts		2,783	
Other Supplies and Materials		889	
Other Charges		25,711	
Motor Vehicles		17,999	
Total Property Assessor's Office			1,674,202

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)County Trustee's Office

County Official/Administrative Officer	\$	90,208	
Assistant(s)		49,464	
Deputy(ies)		203,974	
Part-time Personnel		15,959	
Social Security		21,382	
Pensions		43,845	
Life Insurance		379	
Medical Insurance		57,949	
Dental Insurance		2,818	
Employer Medicare		5,001	
Communication		10,179	
Contracts with Government Agencies		3,000	
Data Processing Services		1,437	
Dues and Memberships		764	
Maintenance Agreements		25,111	
Maintenance and Repair Services - Office Equipment		1,652	
Postal Charges		41,343	
Printing, Stationery, and Forms		12,391	
Rentals		142	
Travel		227	
Tuition		100	
Data Processing Supplies		4,485	
Office Supplies		11,071	
Total County Trustee's Office			\$ 602,881

County Clerk's Office

County Official/Administrative Officer	\$	90,208
Deputy(ies)		696,157
Part-time Personnel		43,999
Board and Committee Members Fees		400
Social Security		49,178
Pensions		121,567
Employee and Dependent Insurance		237
Life Insurance		1,048
Medical Insurance		194,020
Dental Insurance		7,997
Employer Medicare		11,501
Communication		9,941
Data Processing Services		5,899
Dues and Memberships		1,104
Legal Services		42
Legal Notices, Recording, and Court Costs		474
Maintenance Agreements		41,066
Maintenance and Repair Services - Equipment		3,721
Maintenance and Repair Services - Office Equipment		86
Postal Charges		39,058
Printing, Stationery, and Forms		2,632

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Travel	\$	629	
Other Contracted Services		777	
Data Processing Supplies		9,025	
Food Supplies		238	
Office Supplies		10,654	
Total County Clerk's Office			\$ 1,341,658

Data Processing

Data Processing Services	\$	29,013	
Licenses		26,912	
Maintenance Agreements		148,616	
Maintenance and Repair Services - Office Equipment		1,353	
Other Contracted Services		1,125	
Data Processing Supplies		7,689	
Office Supplies		981	
Total Data Processing			215,689

Other Finance

Refunds	\$	12,111	
Trustee's Commission		574,220	
Total Other Finance			586,331

Administration of JusticeCircuit Court Judge

Communication	\$	8,324	
Maintenance and Repair Services - Equipment		188	
Postal Charges		100	
Printing, Stationery, and Forms		236	
Office Supplies		2,473	
Total Circuit Court Judge			11,321

Circuit Court Clerk

County Official/Administrative Officer	\$	90,208	
Clerical Personnel		879,208	
Part-time Personnel		65,381	
Social Security		61,862	
Pensions		150,391	
Employee and Dependent Insurance		431	
Life Insurance		1,319	
Medical Insurance		192,927	
Dental Insurance		8,281	
Employer Medicare		14,466	
Communication		17,444	
Contracts with Other Public Agencies		5,382	
Data Processing Services		42,984	
Dues and Memberships		1,713	
Licenses		67	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court Clerk (Cont.)

Maintenance and Repair Services - Equipment	\$	125	
Maintenance and Repair Services - Office Equipment		8,478	
Postal Charges		16,549	
Printing, Stationery, and Forms		2,275	
Rentals		217	
Travel		1,129	
Data Processing Supplies		2,407	
Equipment Parts - Light		35	
Food Supplies		428	
Office Supplies		21,895	
Periodicals		406	
Data Processing Equipment		58,934	
Total Circuit Court Clerk			\$ 1,644,942

General Sessions Court

Judge(s)	\$	322,982	
Secretary(ies)		75,280	
Social Security		19,168	
Pensions		61,906	
Life Insurance		200	
Medical Insurance		32,386	
Dental Insurance		1,568	
Employer Medicare		5,679	
Communication		4,275	
Dues and Memberships		2,456	
Licenses		989	
Maintenance Agreements		1,169	
Maintenance and Repair Services - Office Equipment		406	
Postal Charges		785	
Printing, Stationery, and Forms		1,089	
Travel		2,954	
Tuition		960	
Other Contracted Services		667	
Food Supplies		153	
Library Books/Media		495	
Office Supplies		1,573	
Periodicals		6,461	
Total General Sessions Court			543,601

General Sessions Judge

Judge(s)	\$	322,982
Assistant(s)		68,869
Secretary(ies)		36,179
Social Security		21,016
Pensions		66,511
Employee and Dependent Insurance		926
Life Insurance		250

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Judge (Cont.)

Medical Insurance	\$	40,846	
Dental Insurance		2,242	
Employer Medicare		6,156	
Communication		4,275	
Dues and Memberships		2,825	
Licenses		1,228	
Maintenance Agreements		1,168	
Maintenance and Repair Services - Office Equipment		1,033	
Postal Charges		788	
Printing, Stationery, and Forms		2,791	
Travel		5,904	
Tuition		1,455	
Data Processing Supplies		77	
Library Books/Media		440	
Office Supplies		1,279	
Periodicals		593	
Total General Sessions Judge			\$ 589,833

Drug Court

Travel	\$	7,179	
Tuition		250	
Drug Treatment		18,596	
Total Drug Court			26,025

Chancery Court

County Official/Administrative Officer	\$	90,208	
Clerical Personnel		272,366	
Part-time Personnel		13,500	
Social Security		22,084	
Pensions		56,357	
Employee and Dependent Insurance		926	
Life Insurance		449	
Medical Insurance		88,366	
Dental Insurance		2,949	
Employer Medicare		5,165	
Bank Charges		548	
Communication		6,794	
Data Processing Services		18,067	
Dues and Memberships		1,734	
Legal Notices, Recording, and Court Costs		157	
Maintenance and Repair Services - Office Equipment		6,505	
Postal Charges		4,442	
Printing, Stationery, and Forms		350	
Rentals		220	
Travel		1,038	
Tuition		400	
Disposal Fees		54	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Other Contracted Services	\$	52	
Data Processing Supplies		216	
Office Supplies		10,147	
Periodicals		470	
Total Chancery Court			\$ 603,564

Juvenile Court

Probation Officer(s)	\$	31,596	
Guidance Personnel		316,012	
Secretary(ies)		57,623	
Clerical Personnel		36,179	
Social Security		27,295	
Pensions		65,929	
Employee and Dependent Insurance		1,422	
Life Insurance		499	
Medical Insurance		86,812	
Dental Insurance		3,358	
Employer Medicare		6,383	
Communication		2,730	
Data Processing Services		288	
Dues and Memberships		1,640	
Legal Services		22,150	
Maintenance and Repair Services - Office Equipment		292	
Maintenance and Repair Services - Vehicles		89	
Printing, Stationery, and Forms		109	
Towing Services		45	
Travel		7,140	
Tuition		4,717	
Other Contracted Services		49,942	
Data Processing Supplies		1,011	
Drugs and Medical Supplies		2,048	
Food Supplies		224	
Gasoline		342	
Library Books/Media		140	
Office Supplies		2,525	
Periodicals		225	
Vehicle Parts		206	
Total Juvenile Court			728,971

Juvenile Court Judge

Other Contracted Services	\$	3,000	
Total Juvenile Court Judge			3,000

District Attorney General

Assistant(s)	\$	190,146	
Supervisor/Director		56,567	
Salary Supplements		4,256	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)District Attorney General (Cont.)

Secretary(ies)	\$	22,210	
Part-time Personnel		8,493	
Social Security		16,506	
Pensions		41,190	
Life Insurance		245	
Medical Insurance		32,669	
Dental Insurance		1,511	
Employer Medicare		3,860	
Data Processing Services		159	
Dues and Memberships		775	
Legal Services		38	
Postal Charges		442	
Printing, Stationery, and Forms		136	
Internet Connectivity		82	
Rentals		86	
Travel		18,219	
Tuition		4,020	
Other Contracted Services		423	
Data Processing Supplies		2,315	
Electricity		120	
Office Supplies		4,062	
Other Supplies and Materials		2,637	
Total District Attorney General			\$ 411,167

Office of Public Defender

Paraprofessionals	\$	149,362	
Social Security		9,171	
Pensions		23,454	
Life Insurance		100	
Medical Insurance		17,427	
Dental Insurance		446	
Employer Medicare		2,145	
Licenses		800	
Travel		1,283	
Tuition		200	
Total Office of Public Defender			204,388

Judicial Commissioners

Other Salaries and Wages	\$	60,000	
Social Security		3,720	
Employer Medicare		870	
Dues and Memberships		375	
Total Judicial Commissioners			64,965

Other Administration of Justice

Jury and Witness Expense	\$	60,560	
Legal Services		4,116	
Total Other Administration of Justice			64,676

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Courtroom Security

Deputy(ies)	\$	193,983	
Part-time Personnel		71,611	
Social Security		15,902	
Pensions		28,776	
Life Insurance		237	
Medical Insurance		52,368	
Dental Insurance		2,053	
Unemployment Compensation		1,281	
Employer Medicare		3,719	
Medical and Dental Services		749	
Tuition		1,400	
Law Enforcement Supplies		821	
Office Supplies		130	
Uniforms		4,472	
Building Improvements		30,665	
Law Enforcement Equipment		37,595	
Total Courtroom Security			\$ 445,762

Victim Assistance Programs

Remittance of Revenue Collected	\$	55,027	
Total Victim Assistance Programs			55,027

Public SafetySheriff's Department

County Official/Administrative Officer	\$	106,664	
Assistant(s)		258,458	
Deputy(ies)		2,012,440	
Captain(s)		332,627	
Lieutenant(s)		655,532	
Sergeant(s)		1,284,307	
Mechanic(s)		112,491	
Dispatchers/Radio Operators		578,139	
Secretary(ies)		413,878	
School Resource Officer		147,783	
Social Security		352,881	
Pensions		894,814	
Employee and Dependent Insurance		9,498	
Life Insurance		6,619	
Medical Insurance		1,119,978	
Dental Insurance		44,762	
Unemployment Compensation		2,194	
Employer Medicare		82,526	
Advertising		257	
Communication		65,998	
Data Processing Services		139,572	
Dues and Memberships		10,145	
Evaluation and Testing		207	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Freight Expenses	\$	241	
Licenses		5,087	
Maintenance and Repair Services - Buildings		4,672	
Maintenance and Repair Services - Equipment		34,306	
Maintenance and Repair Services - Office Equipment		20,246	
Maintenance and Repair Services - Vehicles		839	
Medical and Dental Services		9,101	
Pest Control		560	
Postal Charges		5,027	
Printing, Stationery, and Forms		5,713	
Rentals		282	
Towing Services		15,536	
Travel		66,670	
Tuition		54,588	
Veterinary Services		3,023	
Remittance of Revenue Collected		6,826	
Disposal Fees		2,698	
Permits		55	
Other Contracted Services		14,751	
Animal Food and Supplies		2,326	
Custodial Supplies		12,458	
Data Processing Supplies		55,563	
Electricity		15,469	
Equipment and Machinery Parts		10,453	
Food Supplies		5,749	
Garage Supplies		3,534	
Gasoline		211,938	
General Construction Materials		4,839	
Instructional Supplies and Materials		5,317	
Law Enforcement Supplies		154,323	
Lubricants		4,266	
Office Supplies		26,205	
Periodicals		997	
Propane Gas		252	
Small Tools		3,464	
Tires and Tubes		31,977	
Uniforms		84,815	
Vehicle Parts		57,520	
Water and Sewer		2,351	
Other Supplies and Materials		11,188	
Other Charges		1,025	
Data Processing Equipment		6,105	
Law Enforcement Equipment		12,200	
Motor Vehicles		158,733	
Total Sheriff's Department			\$ 9,765,058

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Administration of the Sexual Offender Registry

Communication	\$	854	
Travel		89	
Other Contracted Services		3,900	
Total Administration of the Sexual Offender Registry	\$		4,843

Jail

Assistant(s)	\$	61,169
Deputy(ies)		2,922,957
Captain(s)		108,652
Lieutenant(s)		329,271
Sergeant(s)		322,624
Psychological Personnel		32,397
Medical Personnel		459,213
Secretary(ies)		25,661
Cafeteria Personnel		164,043
Board and Committee Members Fees		6,001
Social Security		265,892
Pensions		684,135
Employee and Dependent Insurance		3,640
Life Insurance		5,175
Medical Insurance		699,749
Dental Insurance		34,010
Unemployment Compensation		1,738
Employer Medicare		62,183
Advertising		589
Bank Charges		3
Communication		17,969
Data Processing Services		38,040
Dues and Memberships		125
Evaluation and Testing		351
Freight Expenses		60
Licenses		150
Maintenance and Repair Services - Buildings		22,788
Maintenance and Repair Services - Equipment		141,354
Maintenance and Repair Services - Office Equipment		11,079
Medical and Dental Services		590,614
Pest Control		385
Postal Charges		784
Printing, Stationery, and Forms		2,470
Rentals		2,500
Transportation - Other than Students		51,591
Travel		12,094
Tuition		22,950
Disposal Fees		36,574
Permits		505
Other Contracted Services		11,443
Custodial Supplies		59,177

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Data Processing Supplies	\$	30,433	
Drugs and Medical Supplies		55,961	
Electricity		272,709	
Equipment and Machinery Parts		30,882	
Food Preparation Supplies		28,761	
Food Supplies		624,533	
Garage Supplies		63	
Gasoline		30,182	
General Construction Materials		4,347	
Instructional Supplies and Materials		3,412	
Law Enforcement Supplies		9,225	
Lubricants		11	
Natural Gas		43,513	
Office Supplies		12,418	
Prisoners Clothing		38,387	
Small Tools		37	
Uniforms		35,175	
Vehicle Parts		10,225	
Water and Sewer		138,213	
Other Supplies and Materials		11,627	
Furniture and Fixtures		5,164	
Motor Vehicles		51,442	
Total Jail			\$ 8,648,825

Workhouse

Deputy(ies)	\$	60,994	
Social Security		3,601	
Pensions		9,101	
Life Insurance		96	
Medical Insurance		15,826	
Dental Insurance		653	
Employer Medicare		842	
Communication		200	
Disposal Fees		2,400	
Custodial Supplies		2,130	
Total Workhouse			95,843

Juvenile Services

Contracts with Government Agencies	\$	268,338	
Contributions		292,552	
Total Juvenile Services			560,890

Fire Prevention and Control

Contributions	\$	1,446,715	
Total Fire Prevention and Control			1,446,715

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Civil Defense

Supervisor/Director	\$	58,142	
Medical Personnel		269,125	
Paraprofessionals		46,633	
Secretary(ies)		31,459	
Part-time Personnel		44,345	
Social Security		26,333	
Pensions		62,383	
Employee and Dependent Insurance		431	
Life Insurance		474	
Medical Insurance		89,257	
Dental Insurance		3,640	
Employer Medicare		6,158	
Communication		5,298	
Licenses		18	
Postal Charges		65	
Printing, Stationery, and Forms		134	
Travel		725	
Tuition		245	
Data Processing Supplies		828	
Food Supplies		95	
Gasoline		2,476	
Office Supplies		378	
Tires and Tubes		820	
Uniforms		1,406	
Vehicle Parts		2,459	
Other Supplies and Materials		470	
Other Equipment		3,971	
Total Civil Defense			\$ 657,768

Rescue Squad

Contributions	\$	863,447	
Total Rescue Squad			863,447

Disaster Relief

Travel	\$	233	
Other Supplies and Materials		2,728	
Total Disaster Relief			2,961

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	44,596	
Communication		383	
Contributions		271,056	
Maintenance and Repair Services - Vehicles		135	
Other Contracted Services		83,225	
Drugs and Medical Supplies		4,038	
Gasoline		2,706	
Vehicle Parts		843	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner (Cont.)

Other Charges	\$	3,600	
Motor Vehicles		22,500	
Other Equipment		450	
Total County Coroner/Medical Examiner			\$ 433,532

Other Public Safety

Communication	\$	463,664	
Travel		434	
Electricity		10,471	
Equipment Parts - Light		6,736	
Natural Gas		545	
Propane Gas		1,286	
Motor Vehicles		38,981	
Total Other Public Safety			522,117

Public Health and WelfareLocal Health Center

County Official/Administrative Officer	\$	81,227	
Assistant(s)		216,052	
Supervisor/Director		287,797	
Teachers		320,802	
Medical Personnel		1,711,473	
Education Media Personnel		28,166	
Clerical Personnel		641,065	
Custodial Personnel		34,342	
Part-time Personnel		49,871	
Social Security		201,778	
Pensions		500,067	
Employee and Dependent Insurance		926	
Life Insurance		3,756	
Medical Insurance		529,414	
Dental Insurance		23,322	
Unemployment Compensation		4,482	
Employer Medicare		48,135	
Advertising		37,458	
Bank Charges		3,474	
Communication		59,031	
Consultants		480	
Contracts with Government Agencies		44,926	
Contracts with Private Agencies		22,365	
Data Processing Services		107	
Freight Expenses		19	
Licenses		50	
Maintenance and Repair Services - Buildings		850	
Maintenance and Repair Services - Equipment		24,968	
Maintenance and Repair Services - Office Equipment		12,407	
Maintenance and Repair Services - Vehicles		136	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Medical and Dental Services	\$	102,749	
Pest Control		940	
Postal Charges		6,430	
Printing, Stationery, and Forms		8,089	
Travel		60,829	
Tuition		11,657	
Disposal Fees		4,831	
Other Contracted Services		40,689	
Custodial Supplies		3,415	
Data Processing Supplies		61,514	
Drugs and Medical Supplies		310,532	
Electricity		88,894	
Equipment and Machinery Parts		6,048	
Food Supplies		7,493	
Gasoline		846	
General Construction Materials		8,715	
Instructional Supplies and Materials		125,400	
Natural Gas		3,530	
Office Supplies		36,973	
Periodicals		748	
Uniforms		1,909	
Vehicle Parts		775	
Water and Sewer		15,733	
Other Supplies and Materials		32,127	
Motor Vehicles		60,953	
Total Local Health Center			\$ 5,890,765

Rabies and Animal Control

Contributions	\$	439,517	
Total Rabies and Animal Control			439,517

Ambulance/Emergency Medical Services

Motor Vehicles	\$	135,000	
Health Equipment		19,196	
Total Ambulance/Emergency Medical Services			154,196

Other Local Health Services

Contributions	\$	24,000	
Total Other Local Health Services			24,000

Regional Mental Health Center

Contracts with Government Agencies	\$	24,250	
Contributions		72,827	
Total Regional Mental Health Center			97,077

Aid to Dependent Children

Contributions	\$	28,850	
Total Aid to Dependent Children			28,850

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

Pauper Burials	\$ 15,000	
Total Other Local Welfare Services		\$ 15,000

Other Waste Disposal

Solid Waste Equipment	\$ 491,044	
Total Other Waste Disposal		491,044

Other Public Health and Welfare

Contributions	\$ 10,000	
Total Other Public Health and Welfare		10,000

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$ 10,230
Clerical Personnel	330,659
Custodial Personnel	88,159
Social Security	25,905
Pensions	51,303
Life Insurance	466
Medical Insurance	62,374
Dental Insurance	2,758
Employer Medicare	6,058
Advertising	1,792
Communication	14,000
Contributions	30,000
Data Processing Services	9,311
Dues and Memberships	1,200
Janitorial Services	948
Licenses	174
Maintenance and Repair Services - Buildings	644
Maintenance and Repair Services - Equipment	30
Maintenance and Repair Services - Office Equipment	949
Matching Share	14,049
Pest Control	80
Postal Charges	341
Rentals	1,161
Travel	1,200
Tuition	340
Disposal Fees	222
Other Contracted Services	128
Custodial Supplies	409
Data Processing Supplies	4,801
Electricity	16,899
Food Supplies	385
General Construction Materials	289
Instructional Supplies and Materials	37,733
Library Books/Media	39,524

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Natural Gas	\$	3,211	
Office Supplies		24,093	
Periodicals		598	
Water and Sewer		1,941	
Other Charges		14,402	
Data Processing Equipment		3,000	
Total Libraries			\$ 801,766

Parks and Fair Boards

Contributions	\$	35,000	
Payments to Schools - Other		300,000	
Total Parks and Fair Boards			335,000

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	2,920	
Contributions		2,500	
Data Processing Services		1,259	
Matching Share		140,065	
Building Improvements		2,647,489	
Total Agricultural Extension Service			2,794,233

Forest Service

Contributions	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Secretary(ies)	\$	28,014	
Social Security		1,633	
Pensions		4,217	
Life Insurance		42	
Medical Insurance		8,430	
Dental Insurance		374	
Employer Medicare		382	
Contributions		13,100	
Total Soil Conservation			56,192

Other OperationsTourism

Contributions	\$	2,500	
Total Tourism			2,500

Industrial Development

Contracts with Private Agencies	\$	5,606	
Contributions		353,940	
Electricity		460	
Road Signs		150	
Total Industrial Development			360,156

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Other Economic and Community Development

Contracts with Government Agencies	\$	74,845	
Contributions		16,930	
Total Other Economic and Community Development			\$ 91,775

Veterans' Services

Contributions	\$	10,000	
Rentals		11,900	
Total Veterans' Services			21,900

Employee Benefits

Supervisor/Director	\$	68,883	
Social Security		4,153	
Handling Charges and Administrative Costs		771	
Pensions		10,718	
Life Insurance		50	
Medical Insurance		254,774	
Dental Insurance		448	
Employer Medicare		971	
Other Fringe Benefits		43,699	
Communication		577	
Consultants		3,250	
Contracts with Other Public Agencies		53,985	
Printing, Stationery, and Forms		50	
Travel		1,450	
Tuition		1,428	
Drugs and Medical Supplies		148	
Instructional Supplies and Materials		170	
Other Supplies and Materials		31	
Total Employee Benefits			445,556

Miscellaneous

Contracts with Government Agencies	\$	204	
Dues and Memberships		32,870	
Other Charges		20,995	
Total Miscellaneous			54,069

InstructionCareer and Technical Education Program

Contributions	\$	10,239	
Total Career and Technical Education Program			10,239

Other

Contracts with Other Public Agencies	\$	118,306	
Total Other			118,306

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Principal on DebtGeneral Government

Principal on Capital Leases	\$ 491,139	
Total General Government		\$ 491,139

Interest on DebtGeneral Government

Interest on Notes	\$ 18,785	
Interest on Capital Leases	29,677	
Total General Government		48,462

Other Debt ServiceGeneral Government

Other Debt Issuance Charges	\$ 250	
Total General Government		250

Capital Projects - DonatedCapital Projects Donated to Other Entities

Other Supplies and Materials	\$ 97,137	
Other Equipment	36,552	
Total Capital Projects Donated to Other Entities		133,689

Total General Fund \$ 51,744,245

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Communication	\$ 2,120	
Freight Expenses	163	
Concrete	1,225	
Instructional Supplies and Materials	20	
Total Sanitation Education/Information		\$ 3,528

Transfer Stations

Supervisor/Director	\$ 63,385
Mechanic(s)	7,353
Truck Drivers	243,752
Clerical Personnel	19,124
Maintenance Personnel	238,988
Part-time Personnel	60,373
Social Security	37,994
Pensions	72,200
Employee and Dependent Insurance	495
Life Insurance	645
Medical Insurance	132,803
Dental Insurance	4,234
Employer Medicare	8,891
Communication	8,997
Contracts with Private Agencies	14,858

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Transfer Stations (Cont.)

Data Processing Services	\$	120
Dues and Memberships		6,580
Evaluation and Testing		1,200
Freight Expenses		138
Licenses		70
Maintenance Agreements		180
Maintenance and Repair Services - Buildings		9,870
Maintenance and Repair Services - Equipment		33,125
Maintenance and Repair Services - Office Equipment		1,727
Maintenance and Repair Services - Vehicles		23,535
Medical and Dental Services		62
Postal Charges		308
Printing, Stationery, and Forms		896
Rentals		320
Towing Services		2,700
Tuition		75
Disposal Fees		243,768
Permits		300
Other Contracted Services		3,322
Crushed Stone		332
Custodial Supplies		126
Data Processing Supplies		312
Electricity		21,570
Equipment Parts - Light		8,361
Equipment and Machinery Parts		66
Garage Supplies		12,302
Gasoline		7,706
General Construction Materials		2,423
Instructional Supplies and Materials		1,845
Lubricants		64,145
Office Supplies		1,086
Propane Gas		1,887
Road Signs		890
Tires and Tubes		19,738
Uniforms		934
Vehicle Parts		35,853
Water and Sewer		8,723
Other Supplies and Materials		11,753
Trustee's Commission		24,173
Workers' Compensation Insurance		2,744
Motor Vehicles		33,985
Solid Waste Equipment		59,498
Total Transfer Stations		<u>\$ 1,562,840</u>

Total Solid Waste/Sanitation Fund \$ 1,566,368

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Captain(s)	\$ 194,695
Lieutenant(s)	55,165
Medical Personnel	2,794,382
Clerical Personnel	157,681
Part-time Personnel	264,377
Social Security	206,629
Pensions	488,134
Life Insurance	3,128
Medical Insurance	578,332
Dental Insurance	22,738
Employer Medicare	48,326
Advertising	1,114
Architects	2,500
Bank Charges	1,054
Communication	34,081
Data Processing Services	160
Dues and Memberships	480
Legal Notices, Recording, and Court Costs	450
Licenses	6,345
Maintenance Agreements	240
Maintenance and Repair Services - Buildings	2,372
Maintenance and Repair Services - Equipment	5,189
Medical and Dental Services	4,135
Pest Control	420
Postal Charges	725
Printing, Stationery, and Forms	1,032
Rentals	16,000
Towing Services	1,900
Travel	2,458
Tuition	5,776
Disposal Fees	8,479
Other Contracted Services	316,851
Custodial Supplies	1,349
Data Processing Supplies	11,487
Diesel Fuel	90,660
Drugs and Medical Supplies	173,045
Electricity	26,619
Equipment Parts - Light	9,408
Equipment and Machinery Parts	2,273
Food Supplies	134
Gasoline	3,506
Instructional Supplies and Materials	1,941
Lubricants	3,265
Natural Gas	3,941
Office Supplies	72
Tires and Tubes	20,803
Uniforms	36,769

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Vehicle Parts	\$	60,522	
Water and Sewer		1,474	
Other Supplies and Materials		16,958	
Liability Insurance		3,889	
Refunds		39,733	
Trustee's Commission		57,479	
Total Ambulance/Emergency Medical Services			<u>\$ 5,790,675</u>

Total Ambulance Service Fund \$ 5,790,675

Drug Control FundPublic SafetySheriff's Department

Communication	\$	4,384	
Data Processing Services		7,347	
Licenses		7	
Matching Share		9,800	
Medical and Dental Services		35	
Rentals		2,999	
Towing Services		385	
Tuition		1,145	
Data Processing Supplies		233	
Law Enforcement Supplies		1,411	
Office Supplies		577	
Vehicle Parts		705	
Trustee's Commission		768	
Law Enforcement Equipment		12,779	
Total Sheriff's Department			<u>\$ 42,575</u>

Total Drug Control Fund 42,575

Sports and Recreation FundSocial, Cultural, and Recreational ServicesParks and Fair Boards

Supervisor/Director	\$	34,269	
Laborers		31,713	
Temporary Personnel		71,981	
Social Security		8,719	
Pensions		10,495	
Life Insurance		100	
Medical Insurance		20,033	
Dental Insurance		897	
Unemployment Compensation		894	
Employer Medicare		2,039	
Bank Charges		3,400	
Communication		1,030	
Data Processing Services		250	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Sports and Recreation Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards (Cont.)

Licenses	\$	230	
Postal Charges		244	
Printing, Stationery, and Forms		136	
Disposal Fees		2,808	
Other Contracted Services		900	
Custodial Supplies		568	
Data Processing Supplies		1,000	
Diesel Fuel		298	
Electricity		52,869	
Equipment Parts - Light		2,998	
Gasoline		2,649	
General Construction Materials		11,707	
Ice		4,700	
Office Supplies		2,200	
Propane Gas		1,047	
Road Signs		377	
Small Tools		430	
Vehicle Parts		1,210	
Water and Sewer		35,657	
Other Supplies and Materials		799	
Refunds		95	
Trustee's Commission		3,468	
Other Equipment		4,500	
Other Construction		10,689	
Total Parks and Fair Boards			\$ 327,399

Total Sports and Recreation Fund \$ 327,399

Constitutional Officers - Fees FundGeneral GovernmentOther General Administration

Special Commissioner Fees/Special Master Fees	\$	12,750	
Other Charges		5,049	
Total Other General Administration			\$ 17,799

Total Constitutional Officers - Fees Fund 17,799

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	106,064	
Social Security		6,584	
Pensions		16,504	
Life Insurance		50	
Medical Insurance		20,625	
Employer Medicare		1,540	
Communication		15,092	

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Data Processing Services	\$	68	
Dues and Memberships		3,994	
Engineering Services		3,400	
Evaluation and Testing		8,114	
Legal Notices, Recording, and Court Costs		56	
Licenses		140	
Maintenance Agreements		245	
Maintenance and Repair Services - Buildings		4,705	
Maintenance and Repair Services - Office Equipment		3,767	
Postal Charges		256	
Printing, Stationery, and Forms		278	
Rentals		1,342	
Travel		627	
Tuition		1,383	
Other Contracted Services		637	
Custodial Supplies		178	
Data Processing Supplies		4,350	
Electricity		30,308	
Equipment and Machinery Parts		30	
Food Supplies		734	
General Construction Materials		39	
Library Books/Media		482	
Natural Gas		4,700	
Office Supplies		4,014	
Uniforms		291	
Water and Sewer		3,083	
Trustee's Commission		121,645	
Total Administration			\$ 365,325

Highway and Bridge Maintenance

Assistant(s)	\$	94,793
Supervisor/Director		304,674
Paraprofessionals		77,997
Foremen		324,420
Mechanic(s)		221,427
Equipment Operators		411,070
Equipment Operators - Heavy		426,333
Equipment Operators - Light		688,324
Truck Drivers		587,664
Dispatchers/Radio Operators		32,883
Laborers		79,025
Temporary Personnel		113,813
Part-time Personnel		52,771
Social Security		202,869
Pensions		501,708
Employee and Dependent Insurance		13,828
Life Insurance		4,580

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Medical Insurance	\$	1,003,418	
Dental Insurance		33,392	
Employer Medicare		47,446	
Data Processing Services		118	
Dues and Memberships		40	
Evaluation and Testing		760	
Janitorial Services		13,568	
Licenses		2,251	
Maintenance and Repair Services - Buildings		976	
Maintenance and Repair Services - Equipment		210	
Rentals		9,955	
Travel		217	
Tuition		1,303	
Disposal Fees		6,119	
Contracts for Landfill Facilities		415	
Other Contracted Services		23,155	
Concrete		13,583	
Crushed Stone		20,409	
Custodial Supplies		466	
Data Processing Supplies		738	
Equipment Parts - Light		1,227	
Fertilizer, Lime, and Seed		704	
General Construction Materials		41,544	
Instructional Supplies and Materials		397	
Office Supplies		4,423	
Other Road Materials		3,044	
Pipe - Metal		55,293	
Salt		147,823	
Small Tools		20,386	
Structural Steel		18,210	
T&I Construction Materials		353	
Uniforms		15,596	
Testing		25	
Chemicals		9,678	
Other Supplies and Materials		2,640	
Total Highway and Bridge Maintenance			\$ 5,638,061

Operation and Maintenance of Equipment

Data Processing Services	\$	153
Evaluation and Testing		514
Maintenance and Repair Services - Buildings		3,448
Maintenance and Repair Services - Equipment		9,300
Maintenance and Repair Services - Vehicles		26,108
Disposal Fees		2,171
Other Contracted Services		3,186
Custodial Supplies		2,450
Data Processing Supplies		279

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	111,091	
Equipment Parts - Heavy		24,977	
Equipment Parts - Light		22,811	
Equipment and Machinery Parts		8,151	
Fuel Oil		1,793	
Garage Supplies		22,388	
Gasoline		65,575	
Lubricants		17,058	
Office Supplies		18	
Small Tools		2,865	
Structural Steel		895	
Tires and Tubes		28,330	
Vehicle Parts		60,862	
Wood Products		486	
Other Supplies and Materials		2,526	
Total Operation and Maintenance of Equipment			\$ 417,435

Asphalt Plant Operations

Licenses	\$	919	
Maintenance and Repair Services - Equipment		1,433	
Rentals		240	
Asphalt		235,484	
Asphalt - Hot Mix		194,990	
Crushed Stone		244,427	
Electricity		26,128	
Equipment Parts - Heavy		10,316	
Equipment Parts - Light		857	
Lubricants		315	
Natural Gas		19,542	
Pipe - Metal		34	
Water and Sewer		876	
Total Asphalt Plant Operations			735,561

Traffic Control

General Construction Materials	\$	184	
Road Signs		36,735	
Total Traffic Control			36,919

Other Charges

Liability Insurance	\$	78,647	
Workers' Compensation Insurance		144,970	
Total Other Charges			223,617

Capital Outlay

Highway Equipment	\$	429,793	
Maintenance Equipment		60,105	
Motor Vehicles		277,739	
Health Equipment		5,580	
Total Capital Outlay			773,217

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ 58,978	
Total Highways and Streets		\$ 58,978

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 3,047	
Total Highways and Streets		3,047

Capital Projects

Highway and Street Capital Projects

State Aid Projects	\$ 404,160	
Total Highway and Street Capital Projects		<u>404,160</u>

Total Highway/Public Works Fund \$ 8,656,320

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 105,528	
Total Other Finance		\$ 105,528

Principal on Debt

General Government

Principal on Bonds	\$ 2,175,000	
Principal on Notes	<u>300,000</u>	
Total General Government		2,475,000

Education

Principal on Notes	\$ 138,423	
Principal on Capital Leases	19,333	
Principal on Other Loans	<u>1,694,195</u>	
Total Education		1,851,951

Interest on Debt

General Government

Interest on Bonds	\$ 1,360,663	
Interest on Notes	<u>15,150</u>	
Total General Government		1,375,813

Education

Interest on Notes	\$ 32,399	
Interest on Capital Leases	875	
Interest on Other Loans	<u>509,333</u>	
Total Education		542,607

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Bank Charges	\$ 300	
Other Debt Service	<u>850</u>	
Total General Government		\$ 1,150

Education

Other Debt Service	\$ 19,538	
Total Education		<u>19,538</u>

Total General Debt Service Fund \$ 6,371,587

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 19,224	
Total Other Finance		\$ 19,224

Principal on Debt

Education

Principal on Bonds	\$ 1,700,000	
Total Education		1,700,000

Interest on Debt

Education

Interest on Bonds	\$ 195,200	
Total Education		195,200

Other Debt Service

Education

Other Debt Service	\$ 300	
Total Education		<u>300</u>

Total Education Debt Service Fund 1,914,724

General Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$ 1,326,587	
Other Debt Issuance Charges	<u>257,150</u>	
Total Education		\$ 1,583,737

Capital Projects

Education Capital Projects

Contributions	\$ 72,810,884	
Total Education Capital Projects		72,810,884

(Continued)

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 67,190,889	
Total Capital Projects Donated to School Department		\$ 67,190,889
Total General Capital Projects Fund		\$ 141,585,510
Total Governmental Funds - Primary Government		\$ 218,017,202

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2017

Special Purpose FundSupport ServicesBoard of Education

Trustee's Commission	\$ 34,686	
Total Board of Education		\$ 34,686

Capital OutlayRegular Capital Outlay

Building Improvements	\$ 408,325	
Total Regular Capital Outlay		408,325

Total Special Purpose Fund		\$ 443,011
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General Purpose School FundInstructionRegular Instruction Program

ADA Coordinator	\$ 160,553	
Teachers	26,008,988	
Career Ladder Program	149,635	
Career Ladder Extended Contracts	25,435	
Homebound Teachers	69,919	
Salary Supplements	823,883	
Educational Assistants	736,584	
Other Salaries and Wages	374,955	
Certified Substitute Teachers	160,868	
Non-certified Substitute Teachers	159,952	
Social Security	1,649,911	
Pensions	2,521,055	
Life Insurance	29,640	
Medical Insurance	5,219,368	
Dental Insurance	82,405	
Employer Medicare	391,341	
Contracts with Government Agencies	99,888	
Evaluation and Testing	139,136	
Printing, Stationery, and Forms	1,049	
Travel	4,818	
Other Contracted Services	227	
Equipment and Machinery Parts	14,568	
Instructional Supplies and Materials	433,013	
Textbooks - Bound	662,395	
Other Supplies and Materials	449	
Medical Claims	66	
In Service/Staff Development	1,158	
Other Charges	133,046	
Regular Instruction Equipment	55,866	
Total Regular Instruction Program		\$ 40,110,171

Special Education Program

Teachers	\$ 2,438,461
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(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Career Ladder Program	\$	17,100	
Career Ladder Extended Contracts		2,830	
Homebound Teachers		20,801	
Educational Assistants		539,881	
Speech Pathologist		471,162	
Other Salaries and Wages		312,765	
Certified Substitute Teachers		26,710	
Non-certified Substitute Teachers		46,735	
Social Security		223,736	
Pensions		359,869	
Life Insurance		4,712	
Medical Insurance		796,948	
Dental Insurance		12,275	
Employer Medicare		52,579	
Evaluation and Testing		4,425	
Maintenance and Repair Services - Equipment		742	
Other Contracted Services		28,260	
Instructional Supplies and Materials		35,907	
Other Supplies and Materials		2,377	
Special Education Equipment		696	
Total Special Education Program			\$ 5,398,971

Career and Technical Education Program

Teachers	\$	1,931,935	
Career Ladder Program		7,000	
Certified Substitute Teachers		19,440	
Non-certified Substitute Teachers		11,040	
Social Security		113,762	
Pensions		173,400	
Life Insurance		2,027	
Medical Insurance		352,595	
Dental Insurance		6,070	
Employer Medicare		26,764	
Maintenance and Repair Services - Equipment		405	
Travel		800	
Other Contracted Services		3,898	
Equipment and Machinery Parts		2,284	
General Construction Materials		2,070	
Instructional Supplies and Materials		118,641	
Vocational Instruction Equipment		41,138	
Total Career and Technical Education Program			2,813,269

Support ServicesHealth Services

Supervisor/Director	\$	78,931
Medical Personnel		553,242

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

Secretary(ies)	\$	21,335	
Social Security		38,956	
Pensions		10,988	
Life Insurance		149	
Medical Insurance		96,642	
Dental Insurance		508	
Employer Medicare		9,111	
Communication		923	
Travel		5,102	
Other Contracted Services		1,000	
Other Supplies and Materials		74,049	
In Service/Staff Development		2,905	
Total Health Services			\$ 893,841

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		1,357,786	
Secretary(ies)		84,862	
Social Security		83,966	
Pensions		135,547	
Life Insurance		1,636	
Medical Insurance		271,814	
Dental Insurance		5,007	
Employer Medicare		19,637	
Total Other Student Support			1,963,255

Regular Instruction Program

Supervisor/Director	\$	255,675	
Career Ladder Program		8,000	
Librarians		1,029,967	
Truck Drivers		11,403	
Secretary(ies)		119,535	
Other Salaries and Wages		155,883	
Social Security		91,586	
Pensions		155,584	
Life Insurance		1,671	
Medical Insurance		297,066	
Dental Insurance		4,781	
Employer Medicare		21,777	
Communication		3,185	
Dues and Memberships		100	
Operating Lease Payments		2,570	
Maintenance Agreements		257,683	
Maintenance and Repair Services - Equipment		16,920	
Printing, Stationery, and Forms		1,100	
Travel		14,514	

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Other Contracted Services	\$	7,164	
Gasoline		11,568	
Instructional Supplies and Materials		85,039	
Library Books/Media		82,994	
Office Supplies		5,193	
Periodicals		14,295	
Propane Gas		177	
Other Supplies and Materials		7,004	
In Service/Staff Development		91,990	
Data Processing Equipment		1,699	
Total Regular Instruction Program			\$ 2,756,123

Special Education Program

Supervisor/Director	\$	82,880	
Career Ladder Program		1,000	
Secretary(ies)		32,874	
Social Security		6,853	
Pensions		12,698	
Life Insurance		100	
Medical Insurance		14,096	
Dental Insurance		336	
Employer Medicare		1,603	
Communication		9	
Operating Lease Payments		816	
Maintenance and Repair Services - Equipment		310	
Travel		33,622	
Office Supplies		818	
In Service/Staff Development		19,087	
Administration Equipment		2,847	
Total Special Education Program			209,949

Career and Technical Education Program

Supervisor/Director	\$	87,105	
Secretary(ies)		32,874	
Social Security		7,132	
Pensions		13,012	
Life Insurance		100	
Medical Insurance		16,501	
Dental Insurance		168	
Employer Medicare		1,668	
Communication		480	
Printing, Stationery, and Forms		145	
Travel		6,800	
Office Supplies		144	
Propane Gas		1,773	
In Service/Staff Development		192	
Total Career and Technical Education Program			168,094

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Other Programs

On-behalf Payments to OPEB	\$ 1,081,741	
Total Other Programs		\$ 1,081,741

Board of Education

Board and Committee Members Fees	\$ 53,123	
Social Security	2,348	
Medical Insurance	1,362	
Dental Insurance	379	
Unemployment Compensation	44,751	
Employer Medicare	764	
Advertising	1,058	
Audit Services	74,875	
Dues and Memberships	14,405	
Legal Services	93,190	
Maintenance Agreements	1,500	
Travel	17,151	
Other Supplies and Materials	3,335	
Liability Insurance	152,104	
Trustee's Commission	654,763	
Workers' Compensation Insurance	361,369	
Other Charges	25,000	
Total Board of Education		1,501,477

Director of Schools

County Official/Administrative Officer	\$ 133,600	
Assistant(s)	2,072	
Secretary(ies)	39,510	
Social Security	9,446	
Pensions	18,412	
Life Insurance	100	
Medical Insurance	37,258	
Dental Insurance	336	
Employer Medicare	2,372	
Communication	147,918	
Data Processing Services	5,280	
Dues and Memberships	1,814	
Operating Lease Payments	3,104	
Maintenance and Repair Services - Equipment	1,106	
Postal Charges	15,785	
Travel	7,439	
Other Contracted Services	35,656	
Equipment and Machinery Parts	2,256	
Office Supplies	2,527	
Other Supplies and Materials	276	
Total Director of Schools		466,267

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Office of the Principal

Principals	\$	1,654,564	
Career Ladder Program		22,000	
Accountants/Bookkeepers		459,835	
Assistant Principals		1,285,318	
Secretary(ies)		667,665	
Other Salaries and Wages		2,403	
Social Security		237,336	
Pensions		438,564	
Life Insurance		4,641	
Medical Insurance		865,355	
Dental Insurance		11,734	
Employer Medicare		55,665	
Travel		2,080	
Other Contracted Services		128,231	
Office Supplies		8,965	
Data Processing Equipment		16,000	
Total Office of the Principal			\$ 5,860,356

Fiscal Services

Supervisor/Director	\$	70,000	
Accountants/Bookkeepers		173,927	
Social Security		13,847	
Pensions		37,955	
Life Insurance		300	
Medical Insurance		53,669	
Dental Insurance		1,008	
Employer Medicare		3,239	
Bank Charges		2,934	
Maintenance and Repair Services - Equipment		833	
Printing, Stationery, and Forms		2,348	
Travel		457	
Other Contracted Services		3,632	
Data Processing Supplies		504	
Office Supplies		3,589	
In Service/Staff Development		760	
Other Charges		109	
Administration Equipment		1,641	
Total Fiscal Services			370,752

Human Services/Personnel

Supervisor/Director	\$	95,604	
Career Ladder Program		1,000	
Secretary(ies)		32,874	
Clerical Personnel		95,428	
Social Security		12,844	
Pensions		27,128	

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Human Services/Personnel (Cont.)

Life Insurance	\$	249	
Medical Insurance		42,460	
Dental Insurance		817	
Employer Medicare		3,004	
Advertising		150	
Dues and Memberships		100	
Maintenance and Repair Services - Equipment		264	
Travel		3,373	
Other Contracted Services		21,437	
Office Supplies		1,097	
Premiums on Corporate Surety Bonds		50	
Data Processing Equipment		333	
Total Human Services/Personnel			\$ 338,212

Operation of Plant

Foremen	\$	39,172	
Custodial Personnel		1,913,803	
Social Security		113,471	
Pensions		297,784	
Life Insurance		3,970	
Medical Insurance		617,609	
Dental Insurance		10,294	
Employer Medicare		26,538	
Licenses		8,399	
Maintenance and Repair Services - Buildings		56,797	
Maintenance and Repair Services - Equipment		628	
Disposal Fees		66,543	
Custodial Supplies		112,119	
Diesel Fuel		2,903	
Electricity		2,462,622	
Equipment Parts - Light		8,599	
Fuel Oil		39,605	
Natural Gas		109,480	
Propane Gas		67,404	
Tires and Tubes		2,199	
Uniforms		5,437	
Water and Sewer		363,379	
Plant Operation Equipment		13,038	
Total Operation of Plant			6,341,793

Maintenance of Plant

Supervisor/Director	\$	60,000	
Foremen		119,059	
Secretary(ies)		47,786	
Maintenance Personnel		1,550,715	
Social Security		102,089	

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant (Cont.)

Pensions	\$	271,979	
Life Insurance		2,610	
Medical Insurance		498,921	
Dental Insurance		7,020	
Employer Medicare		24,299	
Communication		9,410	
Dues and Memberships		200	
Licenses		130	
Maintenance Agreements		26,133	
Maintenance and Repair Services - Buildings		40,398	
Maintenance and Repair Services - Equipment		4,134	
Maintenance and Repair Services - Vehicles		2,924	
Towing Services		160	
Travel		4,616	
Other Contracted Services		1,807	
Concrete		2,989	
Equipment Parts - Light		4,357	
Equipment and Machinery Parts		31,652	
Garage Supplies		6,693	
Gasoline		62,705	
General Construction Materials		136,682	
Office Supplies		1,347	
Salt		400	
Small Tools		2,933	
Tires and Tubes		4,551	
Uniforms		6,914	
Vehicle Parts		30,763	
Wood Products		1,800	
Chemicals		12,696	
In Service/Staff Development		3,172	
Administration Equipment		1,994	
Maintenance Equipment		8,500	
Other Equipment		43,609	
Total Maintenance of Plant			\$ 3,138,147

Transportation

Mechanic(s)	\$	33,870
Bus Drivers		313,034
Social Security		21,104
Pensions		10,823
Life Insurance		175
Medical Insurance		29,705
Dental Insurance		588
Employer Medicare		4,936
Contracts with Vehicle Owners		4,188,824
Maintenance and Repair Services - Vehicles		672

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Garage Supplies	\$	7,253	
Gasoline		55,763	
Tires and Tubes		8,467	
Vehicle Parts		18,766	
Maintenance Equipment		975	
Motor Vehicles		129,959	
Total Transportation			\$ 4,824,914

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	11,392	
Social Security		690	
Pensions		1,333	
Employer Medicare		162	
Total Community Services			13,577

Early Childhood Education

Teachers	\$	327,649	
Educational Assistants		98,077	
Other Salaries and Wages		27,234	
Social Security		24,631	
Pensions		37,087	
Life Insurance		475	
Medical Insurance		78,103	
Dental Insurance		1,597	
Employer Medicare		6,155	
Travel		1,715	
Instructional Supplies and Materials		27,267	
In Service/Staff Development		1,975	
Total Early Childhood Education			631,965

Capital OutlayRegular Capital Outlay

Architects	\$	127,470	
Land		105,350	
Total Regular Capital Outlay			232,820

Interest on DebtEducation

Interest on Notes	\$	7,448	
Other Debt Service		250	
Total Education			7,698

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	2,554,046	
Total Education			2,554,046

Total General Purpose School Fund \$ 81,677,438

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

School Federal Projects FundInstructionRegular Instruction Program

Supervisor/Director	\$	3,300	
Teachers		61,256	
Educational Assistants		731,272	
Other Salaries and Wages		247,474	
Social Security		49,526	
Pensions		49,589	
Life Insurance		902	
Medical Insurance		137,235	
Dental Insurance		2,286	
Employer Medicare		14,239	
Other Contracted Services		18,000	
Instructional Supplies and Materials		323,175	
Other Charges		1,815	
Regular Instruction Equipment		896,032	
Total Regular Instruction Program			\$ 2,536,101

Special Education Program

Teachers	\$	699,547	
Educational Assistants		930,763	
Other Salaries and Wages		28,907	
Social Security		95,764	
Pensions		153,724	
Life Insurance		2,486	
Medical Insurance		309,831	
Dental Insurance		6,232	
Employer Medicare		22,470	
Instructional Supplies and Materials		11,448	
Special Education Equipment		3,843	
Total Special Education Program			2,265,015

Career and Technical Education Program

Instructional Supplies and Materials	\$	1,084	
Other Supplies and Materials		3,366	
Vocational Instruction Equipment		143,628	
Total Career and Technical Education Program			148,078

Support ServicesOther Student Support

Other Salaries and Wages	\$	112,830	
Social Security		6,676	
Pensions		10,200	
Life Insurance		92	
Medical Insurance		14,091	
Dental Insurance		309	
Employer Medicare		1,561	
Communication		351	

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

School Federal Projects Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

Travel	\$	28,112	
Other Supplies and Materials		42,375	
In Service/Staff Development		10,716	
Total Other Student Support			\$ 227,313

Regular Instruction Program

Supervisor/Director	\$	63,310	
Clerical Personnel		16,437	
Other Salaries and Wages		244,841	
In-service Training		24,650	
Social Security		17,834	
Pensions		27,829	
Life Insurance		195	
Medical Insurance		27,362	
Dental Insurance		320	
Employer Medicare		4,596	
Maintenance and Repair Services - Equipment		2,952	
Travel		1,556	
Food Supplies		899	
Other Supplies and Materials		2,935	
In Service/Staff Development		90,407	
Other Equipment		6,252	
Total Regular Instruction Program			532,375

Special Education Program

Psychological Personnel	\$	83,783	
Other Salaries and Wages		201,365	
Social Security		14,693	
Pensions		22,589	
Life Insurance		240	
Medical Insurance		37,665	
Dental Insurance		565	
Employer Medicare		3,948	
Travel		2,473	
In Service/Staff Development		9,534	
Other Equipment		949	
Total Special Education Program			377,804

Transportation

Travel	\$	7,159	
Total Transportation			7,159

Total School Federal Projects Fund \$ 6,093,845

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	67,029	
Accountants/Bookkeepers		24,088	
Truck Drivers		31,575	
Secretary(ies)		32,874	
Cafeteria Personnel		1,304,358	
Other Salaries and Wages		91,591	
Social Security		91,128	
Pensions		111,966	
Life Insurance		1,581	
Medical Insurance		390,721	
Dental Insurance		3,515	
Employer Medicare		21,466	
Bank Charges		100	
Consultants		448	
Contracts with Other School Systems		9,646	
Data Processing Services		19,920	
Dues and Memberships		1,590	
Operating Lease Payments		2,363	
Licenses		3,670	
Maintenance and Repair Services - Equipment		10,508	
Printing, Stationery, and Forms		96	
Travel		9,029	
Other Contracted Services		520	
Data Processing Supplies		43	
Equipment and Machinery Parts		20,237	
Food Preparation Supplies		161,627	
Food Supplies		1,656,542	
Gasoline		1,926	
Office Supplies		4,239	
USDA - Commodities		370,976	
Other Supplies and Materials		208	
Administration Equipment		1,711	
Data Processing Equipment		602	
Total Food Service			\$ 4,447,893

Total Central Cafeteria Fund \$ 4,447,893

Other Education Special Revenue FundOperation of Non-Instructional ServicesEarly Childhood Education

Educational Assistants	\$	21,455	
Certified Substitute Teachers		110	
Non-certified Substitute Teachers		770	
Social Security		1,382	
Employer Medicare		323	
Other Contracted Services		3,385	
Regular Instruction Equipment		23,822	
Total Early Childhood Education			\$ 51,247

Total Other Education Special Revenue Fund 51,247

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	388,127	
Land		<u>4,429,261</u>	
Total Education Capital Projects			<u>\$ 4,817,388</u>
Total Education Capital Projects Fund			<u>\$ 4,817,388</u>
Total Governmental Funds - Sullivan County School Department			<u><u>\$ 97,530,822</u></u>

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	City School ADA - Johnson City Fund	Total
<u>Cash Receipts</u>					
Current Property Taxes	\$ 0	\$ 10,978,330	\$ 18,626,472	\$ 0	\$ 29,604,802
Trustee's Collections - Prior Years	0	216,016	366,507	0	582,523
Circuit/Clerk and Master Collections - Prior Years	0	103,518	176,296	0	279,814
Interest and Penalty	0	94,956	161,255	0	256,211
Pick-up Taxes	0	319,169	541,520	0	860,689
Local Option Sales Tax	23,937,673	5,330,808	9,044,653	0	38,313,134
Bank Excise Tax	0	19,922	33,801	0	53,723
Interstate Telecommunication Tax	0	2,016	3,421	0	5,437
Marriage Licenses	0	1,963	3,331	0	5,294
Other Local Revenues	0	185	313	0	498
Contributions	0	27,008,879	45,281,286	520,718	72,810,883
Total Cash Receipts	<u>\$ 23,937,673</u>	<u>\$ 44,075,762</u>	<u>\$ 74,238,855</u>	<u>\$ 520,718</u>	<u>\$ 142,773,008</u>
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 23,778,767	\$ 43,505,405	\$ 73,228,092	\$ 520,718	\$ 141,032,982
Trustee's Commission	158,906	282,213	482,353	0	923,472
Total Cash Disbursements	<u>\$ 23,937,673</u>	<u>\$ 43,787,618</u>	<u>\$ 73,710,445</u>	<u>\$ 520,718</u>	<u>\$ 141,956,454</u>
<u>Excess of Cash Receipts</u>					
Over (Under) Cash Disbursements	\$ 0	\$ 288,144	\$ 528,410	\$ 0	\$ 816,554
Cash Balance, July 1, 2016	0	507,829	818,188	0	1,326,017
Cash Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 795,973</u>	<u>\$ 1,346,598</u>	<u>\$ 0</u>	<u>\$ 2,142,571</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, and have issued our report thereon dated February 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sullivan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2017-001 and 2017-002(A).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002(B).

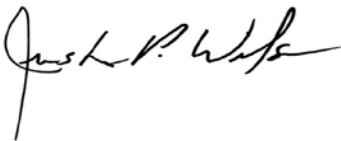
Sullivan County's Responses to Findings

Sullivan County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sullivan County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 5, 2018

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Sullivan County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sullivan County's major federal programs for the year ended June 30, 2017. Sullivan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sullivan County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sullivan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sullivan County's compliance.

Opinion on Each Major Federal Program

In our opinion, Sullivan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Sullivan County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sullivan County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

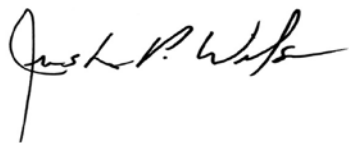
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated February 5, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 5, 2018

JPW/yu

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2017

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 9,445
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	837,797
National School Lunch Program	10.555	N/A	2,451,188 (13)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	370,976 (13)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-43129-00	938,162
Total U.S. Department of Agriculture			<u>\$ 4,607,568</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 61,090
Total U.S. Department Interior			<u>\$ 61,090</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	(3)	\$ 4,451
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	43850	53,720
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance Grant	16.575	30147	24,892
Violence Against Women Formula Grants	16.588	26708	55,587
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(5)	144,265
Total U.S. Department of Justice			<u>\$ 282,915</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-17THS310	\$ 45,224
Total U.S. Department of Transportation			<u>\$ 45,224</u>
U.S. Institute of Museums and Library Services:			
Passed-through Department of State, Division of Library Services:			
Grants to States	45.310	30504-00517	\$ 3,000
Total U.S. Institute of Museums and Library Services			<u>\$ 3,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,846,638
Special Education Cluster: (6)			
Special Education - Grants to States	84.027	N/A	2,646,579
Special Education - Preschool Grants	84.173	N/A	102,008
Career and Technical Education - Basic Grants to States	84.048	N/A	182,479
Education for Homeless Children and Youth	84.196	N/A	45,363
Improving Teacher Quality State Grants	84.367	N/A	356,720
Total U.S. Department of Education			<u>\$ 6,179,787</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DG-17-49572-00	\$ 465,501

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services (Cont.):			
Passed-through State Department of Health (Cont.):			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-15-44160-00	\$ 42,092
Family Planning Services	93.217	GG-13-37821-00	134,589
Immunization Cooperative Agreements	93.268	(7)	106,538
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-16-45149-00	37,985
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program	93.505	GG-17-49872-00	16,189
Temporary Assistance for Needy Families	93.558	(3)	1,473
Child Care and Development Block Grant	93.575	(3)	45,936
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	GG-17-49521-00	30,358
HIV Prevention Activities - Health Department Based	93.940	(8)	56,135
Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-40524-00	69,544
Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs	93.946	GG-15-45635-00	3,000
Maternal and Child Health Services Block Grant to the States	93.994	(9)	189,944
Total U.S. Department of Health and Human Services			<u>\$ 1,199,284</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	52021-22238	\$ 62,500
Homeland Security Grant Program	97.067	34101-29316	121,541
Total U.S. Department of Homeland Security			<u>\$ 184,041</u>
Total Expenditures of Federal Grants			<u><u>\$ 12,562,909</u></u>
State Grants		Contract Number	
Care and Coordination Services - State Department of Health	N/A	GG-17-49606-00	\$ 65,496
Adolescent Pregnancy - State Department of Health	N/A	GG-17-49415-00	53,044
TennCare Dental Prevention - State Department of Health	N/A	GG-17-50603-00	226,424
Tuberculosis Control and Prevention Program - State Department of Health	N/A	(10)	70,829
Home Visiting - State Department of Health	N/A	GG-15-41198-00	344,212
TennCare Outreach - State Department of Health	N/A	GG-17-49872-00	160,959
HIV Prevention Program - State Department of Health	N/A	(11)	33,670
Neonatal Abstinence Syndrome Education Services - State Department of Health	N/A	GG-17-52822-00	23,171
Immunization Grants - State Department of Health	N/A	(12)	43,334
Grant in Aid - State Department of Health	N/A	GE-17-50518-00	458,906
Prenatal Presumptive Eligibility Expansion Program - State Department of Health	N/A	GU-17-50501-00	35,920
Juvenile Services Program - State Commission on Children and Youth	N/A	43829	53,375
Multipurpose Agricultural Facility Grant - State Department of General Services	N/A	460/000-03-15	2,644,762
State Aid Program - State Department of Transportation	N/A	(3)	511,755
Litter Program - State Department of Transportation	N/A	Z-17LIT082	54,000
Litter Program - State Department of Transportation	N/A	(3)	16,537

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants (Cont.)			
Waste Reduction Program - State Department of Environment and Conservation	N/A	48489	\$ 188,274
Read to be Ready Coaching Network Program - State Department of Education	N/A	(3)	4,754
Safe Schools Act Grant - State Department of Education	N/A	(3)	41,210
Connect TN - State Department of Education	N/A	(3)	26,551
Coordinated School Health - State Department of Education	N/A	(3)	96,789
Early Childhood Education Project - State Department of Education	N/A	(3)	<u>553,747</u>
Total State Grants			<u>\$ 5,707,719</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Sullivan County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Child Nutrition Cluster total \$3,659,961.
(5) 2016-DJ-BX-0702: \$53,928; 2014-DJ-BX-0903: \$4,884; 2015-DJ-BX-0870: \$13,364; 28891: \$72,089.
(6) Special Education Cluster total \$2,748,587.
(7) GG-16-48502-00: \$81,374; GG-17-53706-00: \$25,164.
(8) GG-16-48213-00: \$29,273; GG-17-52721-00: \$26,862.
(9) GG-15-41329-00: \$61,700; GU-16-46488-01: 30,000; GG-17-49606-00: \$98,244.
(10) GG-16-45155-00: \$4,324; GG-17-49934-00: \$66,505.
(11) GG-16-48213-00: \$16,795; GG-17-52721-00: \$16,875.
(12) GG-16-48502-00: \$34,182; GG-17-53706-00: \$9,152.
(13) Total for CFDA No. 10.555 is \$2,822,164.

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2017

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2017.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF DIRECTOR OF SCHOOLS

2016	244	2016-001	The School Department Operated with Several Contracts for Student Transportation Services that had Expired.	N/A	Corrected
2016	245	2016-002	Amounts Withheld from Contractor Payments were not Deposited into an Escrow Account.	N/A	Corrected

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

SULLIVAN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sullivan County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number 84.010 Title I Grants to Local Education Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States, and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2017-001

COUNTY HEALTH DEPARTMENT PERSONNEL FAILED TO REQUEST REIMBURSEMENTS FOR GRANT EXPENDITURES ON A TIMELY BASIS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

County Health Department personnel failed to request reimbursements for grant expenditures related to multiple state and federal programs on a timely basis. Requests totaling \$262,950 were not submitted to the Tennessee Department of Health for reimbursement of General Fund expenditures in a time frame allowing for payment to be received within the county's revenue recognition policy period for grant revenues, which is 60 days from fiscal year-end. Therefore, these reimbursement requests have been reflected as part of Other Deferred/Unavailable Revenue instead of as current-year revenue in the financial statements of this report. A breakdown of the various requests by program is presented below.

Grant	Amount Requested
Tennessee Department of Health:	
HIV Prevention Activities - Health Department Based	\$ 6,932
Adolescent Pregnancy	9,348
Maternal and Child Health Services Block Grant to the States	42,980
Assistance Programs for Chronic Disease Prevention and Control	8,443
TennCare Dental Prevention	35,464
Family Planning Services	11,363
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	4,670
Home Visiting	29,883
Immunization Cooperative Agreements	11,926
Neonatal Abstinence Syndrome Education Services	7,818
Tuberculosis Control and Prevention Program	6,727
Centers for Disease Control and Prevention - Investigations and Technical Assistance	2,745
Injury Prevention and Control Research State and Community Based	1,445
Special Supplemental Nutrition Program for Women, Infants, and Children	75,006
Prenatal Presumptive Eligibility Expansion Program	8,200
Total	<u>\$ 262,950</u>

The failure to submit requests for reimbursements on a timely basis limits the operating funds of the General Fund by relying on existing cash and fund balances to cover expenditures that state or federal programs would otherwise reimburse. Sound business practices dictate that cash flow should be monitored to ensure that funds are sufficient to meet current obligations.

RECOMMENDATION

Requests for reimbursements for expenditures of grant funds should be made on a timely basis.

MANAGEMENT'S RESPONSE – COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS AND DIRECTOR OF SULLIVAN COUNTY HEALTH DEPARTMENT

Management agrees with the finding, all funds were received and posted during the month of September except WIC and Dental Prevention. Receipt of those funds were delayed due to state changes and process at the closing of the fiscal year.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND LAW COURTS CLERK

FINDING 2017-002

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF EXECUTION DOCKET TRIAL BALANCES

(A. Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. Noncompliance Under *Government Auditing Standards*)

During the period under audit, the following deficiencies were noted in the maintenance of execution docket trial balances:

- A. At June 30, 2017, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*; however, these trial balances did not reconcile with general ledger accounts in Circuit Court by \$6,413,758 and in General Sessions Court by \$59,007. Beginning June 2015, the office started using a new court computer application. It appears that differences between execution docket trial balances and general ledger accounts have existed since the 2015 application conversion, and that the differences noted above are in part due to the software vendor making changes to the execution docket trial balances without reviewing the balances with the client.
- B. Based on the deficiency noted above, we were unable to determine if the clerk had fully complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office.

These deficiencies are attributable to the failure of management to ensure that the software vendor correctly entered the execution docket trial balance information when the office changed software. Additionally, subsequent changes made by vendor were not confirmed by management for accuracy and appropriateness. The failure to accurately reconcile execution docket trial balances with general ledger accounts in a timely manner could lead to inaccurate accounting records and increase the risk of misappropriation of funds.

RECOMMENDATION

Management should ensure an accurate execution docket trial balance is maintained for each court. Execution docket trial balances should be reconciled with general ledger accounts and reviewed by management for accuracy. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with statute.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND LAW COURTS CLERK

In reference to deficiency A: this office has been corresponding with the software vendor to correct this deficiency since the conversion of July 2015. We have continually requested assistance; however, the vendor has been unable to correct the trial balances of the execution

docket. Much of this occurred in the conversion from the previous software program. The software programs are individual programs for General Sessions Court and Circuit Court. I have given priority to the problems since 2015 without success. I was unavailable to address this issue in the first quarter of 2017. After that absence, I have continued to communicate with the software vendor to correct the problem.

In reference to deficiency B: this office has been complying with the Unclaimed Property Act TCA 66-29-110-113 but the auditors state they cannot determine that we have complied due to the execution trial docket balances. My bookkeeper assures me that she is in compliance with the above statutes.

I will diligently continue to work with the software vendor to correct these deficiencies.

AUDITOR'S COMMENT

As stated in the finding, provisions of the Unclaimed Property Act, Sections 66-29-110 and 66-29-113, *Tennessee Code Annotated*, provide that any funds held by the court for one year and unclaimed by the owner are considered abandoned and these funds are to be reported and paid to the state Treasurer's Office. Without an execution docket trail balance reconciled to the general ledger there is no way to determine the age of the unclaimed funds. Furthermore, since the difference between the execution docket trail balance and the general ledger occurred as a result of the software conversion in June 2015, it is likely that a portion of the funds meet the statutory definition of abandoned and should be reported to the state Treasurer's Office as required by state statutes.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2017

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICES OF COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS,
AND DIRECTOR OF COUNTY HEALTH DEPARTMENT**

2017-001	County Health Department Personnel Failed to Request Reimbursements for Grant Expenditures on a Timely Basis.	251
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OFFICE OF CIRCUIT, GENERAL SESSIONS, AND LAW COURTS CLERK

2017-002	Deficiencies were noted in the Maintenance of Execution Docket Trial Balances.	252
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Sullivan County

Office of the County Mayor



Richard S. Venable
County Mayor

January 31, 2018

CORRECTIVE ACTION PLAN

FINDING: COUNTY HEALTH DEPARTMENT PERSONNEL FAILED TO REQUEST REIMBURSEMENTS FOR GRANT EXPENDITURES ON A TIMELY BASIS

Response and Corrective Action Plan Prepared by:

Gary Mayes, Director of Health Department, Larry G. Bailey, Director of Accounts & Budgets.

Person Responsible for Implementing the Corrective Action:

Gary Mayes, Director of Health Department, Larry G. Bailey, Director of Accounts & Budgets.

Anticipated Completion Date of Corrective Action:

End of Fiscal Year June 30, 2018.

Repeat Finding:

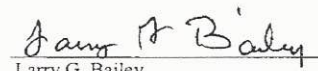
No


Planned Corrective Action:

The action plan will be accomplished by a timely posting of the accounting records for the month of July, 2018 and the processing of the expenditures for reimbursement from the state on or before July, 30th.

Signature:


Gary Mayes,
Director of Sullivan County Health Dept.


Larry G. Bailey,
Director of Accounts & Budgets


Richard Venable,
County Mayor

Sullivan County Courthouse · 3411 Highway 126, Suite 206 · Blountville, Tennessee 37617
423-323-6417 · Fax 423-279-2897

OFFICE OF THE CIRCUIT COURT CLERK

Tommy R. Kerns, Clerk
Sullivan County Justice Center
P.O. Box 585
Blountville, Tennessee 37617
(423) 279-2752

CORRECTIVE ACTION PLAN

FINDING: DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF
EXECUTION DOCKET TRIAL BALANCES

Person Responsible for Implementing the Corrective Action:
Tommy R. Kerns, Circuit Court Clerk

Anticipated Completion Date of Corrective Action: 2018

Repeat Finding: No

Reason Corrective Action was Not Taken in the Prior Year:

Planned Corrective Action: I will ensure that the software vendor will complete the corrections in the deficiencies in the maintenance of execution docket trial balances. This action will complete the requirements necessary for compliance with TCA 18-2-103.

This office is in compliance with TCA 66-29-110 however the corrections by the software company will be made to show evidence of compliance.

This office has brought these deficiencies many, many times to the attention of the software vendor since the conversion to the new software in June of 2015 without resolution of the problem. We are making every effort to work with the software vendor and ensure the issue is resolved in a timely manner.



Tommy R. Kerns, Circuit Court Clerk

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sullivan County.

SULLIVAN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING COVERING ALL DEPARTMENTS

Sullivan County operates a central purchasing department that makes purchases and enters into contracts for all departments pursuant to Chapter 261, Private Acts of 1947, as amended. For its accounting and budgeting, Sullivan County operates under provisions of Section 5-12-101, et seq., *Tennessee Code Annotated (TCA)*, and Section 5-13-101, et seq., *TCA*. These acts include provisions for centralized accounting and budgeting under the administration of the director of accounts and budgets for funds maintained by the mayor and road superintendent. However, accounting records for the School Department are maintained by School Department personnel. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting and budgeting is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sullivan County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting covering all county departments.